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The COMMERCIAL & FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

The public offering of $12,500,000 of 30-year 3½% bonds of the Central Maine Power Company, due out today, appeared assured of a highly receptive market.

The first corporate undertaking of any size in several months, this operation was not of a nature to interfere with the Treasury's immense war financing project which got under way on Monday.

Discussion among dealers and investment bankers in advance of the offering indicated that quick placement of the utility bonds was expected.

Presumably, while the sponsoring syndicate had to await Securities and Exchange Commission clearance before opening the subscription books, dealers were able to judge the situation adequately by the flow of orders and inquiries making their appearance.

This financing was originally scheduled many months ago, but due to changes and the need for obtaining stockholders' approval of plans calling for the merger into Central Maine of the Cumberland County Power & Light Co., actual marketing of the bonds was held in abeyance until now.

Bankers paid the company 106.31 for the bonds and the reoffering today was scheduled to be made at a price of 107⅜.

Plenty To Keep Busy

With banks, investment firms and brokers bending to the task of assisting the Treasury drive to raise $9,000,000,000 of war funds this month, Wall Street, though it has been short on profitable business so far as new underwriting is concerned, had plenty to occupy its time.

(Continued on page 1971)

HOW DID WE GET THIS WAY?

THE ANATOMY OF CAPITALISM

By H. B. LOOMIS and JOHN B. KNOX

of John B. Knox & Company

Editor's Note: New Deal program makers, now wearing postwar planning labels, continue as in the past to pore over their blue prints with their backs to the world of realities. Their products are every whit as dangerous as they ever were—perhaps more so since the war appears to have lent them additional psychological support.

The best way to combat such seductive proposals as those now appearing almost daily, perhaps the only effective way, is to turn the flood light of fundamental truths upon them.

It is with hope of doing its part in combating this menace that the "Chronicle" is presenting a series of articles, of which this is the fourth, which call the reader's attention pointedly to certain fundamentals often overlooked in this day and time. It can think of no better contribution to postwar planning.

Part IV

Men have no historical sense and even if they had, history has been written with soggy ponderosity from political viewpoints without an explanation of the extent to which social institutions are conditioned by economic forces. It records the succession of events but not the reasons for their occurrence. It might just as well have been written in cryptograms. Men seem to know little and care less about the origin of the things which determine their lives. A study of the way by which things happened must be added to the catalogue of the things which happened before we start to remodel the world.

Today we act like a mob of ugly herd-minded hooligans, scrambling to pick the fruit of the tree of capitalism and destroying the tree in the process, regardless of the years of sacrifice which made the crop possible. That the tree must from time to time be pruned and cultivated in order to keep it healthy, is vastly different from the concept that it must be uprooted before a better crop can be reaped.

Reform and progress are terms too loosely used, just as are the words liberal, reactionary, politicians and statesman. Words have no absolute value. They become falsified as to their elemental meanings. The liberals of today are mainly engaged in attempting to discredit representative government and establishing "strong leadership," which

(Continued on page 1972)

Securities Dealers Need No Ceiling On Profits—Standard of Ethics One Of The Highest Of Any Business In The Country

What the securities industry of this country needs today is to "stop swallowing the other fellow's bunk." For too many years now, investment bankers and brokers have been unfairly placed on the defensive by demagogues, politicians and the Securities and Exchange Commission. Recently certain Government bureaus needed office space in New York City. It is no secret that "Wall Street" addresses were no asset to landlords on that much maligned street. Need one say more?

Unfortunately this constant barrage of outside criticism has gone so deep that it has become difficult for some of those in the securities business to see things in their proper perspective. Witness the brokers and dealers who today appear to accept the twisted conclusion that "the securities business is different from other lines of business; hence, it should be more strictly regulated by outsiders than any other business." Of course, the securities business is no different from any other business in its fundamental moralities, its relationship to the general warfare, or in the capacity of the American citizens who are members of this industry to conduct themselves according to the laws of the land which regulate all forms of business—the securities business included.

Not only is the securities business no different from any other line of business, when it comes to the fundamental relationship which exists between "buyer" and "seller"—but contrary to general belief, the securities business, as it is conducted today, is possibly on a higher plane of honesty and integrity than almost any other business in the country. Every year the vast majority of securities dealers handle literally thousands of satisfactory transactions with individuals, who know little or nothing about the investments to which many of them owe their very subsistence. These are the cases that no one ever knows about, or hears about—except those who are engaged in the securities business—and they unfortunately never seem to make this fine contribution to the public welfare known to

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Why Condemn and Abuse Wall Street, Financial Foundation of Prosperous United States?

It is unfortunate that few editors recognize the fact that a healthy "Wall Street" and a sound and prosperous economy go hand in hand. The truth of the matter is that any governmental policy that adversely affects the securities business merits real prominence in the columns of the press. It is gratifying to observe that the editor of the "Mt. Sterling Gazette and Kentucky Courier" of Mt. Sterling, Ky., realizes this and this fact is reflected in editorials appearing in that paper from time to time such as the following one in the Nov. 20 issue:

"We are unable to understand just why a lot of 'New Dealers' and rotten politicians at Washington and in different sections of the country are always attacking Wall Street and its members. The editor of the 'Gazette' does not know a single individual on Wall Street, and, therefore, has no interest in it except the interest of seeing that it gets a SQUARE DEAL, rather than a RAW DEAL from a lot of political parasites who would destroy it. Wall Street, in the opinion of this writer, is the financial backbone and foundation of this Nation. In every crisis which has confronted this country there has never been any more patriotic business place in the entire Nation than has Wall Street and its operators. In this crisis — the worst that has confronted this country since George Washington crossed the Delaware —Wall Street and its members have been one of the largest purchasers of War Bonds and Stamps of any section of the country. It and its members have never laid down 'on the job' and today it is 100% back of this country and its Commander-in-Chief. The attacks being made upon it by a lot of political parasites, many of whom have done nothing and will do nothing, for their country, is a distinct outrage and should be condemned by every citizen of this Nation who believes in justice and a square deal. In every crisis which has confronted this Nation, going back to the California earthquake, there has never been a more loyal section of the United States than has Wall Street. TODAY IT IS 100% behind the President of the United States, and that is much more than we can say about a lot of fellows who are always casting slurs at the greatest financial district in the world. In sunshine and in storm, in sacrifice and in prosperity there has never been and there never will be a more loyal section of the country than Wall Street. And, in our opinion, it is a distinct insult to successful business men to continue an attack upon them simply because they believe that this is still a Nation where, when we sing 'My Country, 'Tis of Thee, Sweet Land of Liberty,' we can sing the TRUTH. Wall Street, in the opinion of this writer, is one of the greatest things we have in the United States, and without it there would be a sad day in the United States. Wall Street is entitled to a FAIR DEAL from the people of this country, not a DIRTY DEAL, as it has been getting from a lot of politicians who have not yet learned that there is still some justice left in the world."

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James Hitchcock In Cruttenden Co. Dept.

CHICAGO, ILL. — James E. Hitchcock has become associated with the trading department of Cruttenden & Co., 209 South La Salle Street, members of the New York and Chicago Stock Exchanges, it is announced. Mr. Hitchcock was recently Manager of the stock trading department of Goodbody & Co. here and has been with this firm and its predecessor, Babcock, Rushton & Co., since 1928. He is a member of the National Security Traders Association and the Chicago Bond Traders Association.

Phillips And Baughan With Dayton Bond Corp.

(Special to The Financial Chronicle)

DAYTON, OHIO — William M. Phillips and Oliver Baughan have become associated with the Dayton Bond Corp., Third National Bank Building. Mr. Phillips and Mr. Baughan were formerly President and Vice-President, respectively, of the Estate Acceptance Corp.

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Dealers Urged To Give Support To Bond Drive

The National Committee of the Securities Industry for War Financing on Nov. 30 called on the financial industry for its support of the Treasury's December Victory Loan drive for $9,000,000,000. Members of the Committee are Emil Schram, President of the New York Stock Exchange; J. N. Whipple, President of the Investment Bankers Association; H. H. Dewar, Chairman of the National Association of Securities Dealers, Inc.; John L. Clark, President of the Association of Stock Exchange Firms, and Dominick Rich, Chairman, Government Security Dealers Group.

The following communication was sent to a list of 4,500 comprising the membership of the New York Stock Exchange, the Investment Bankers Association, the National Association of Securities Dealers and the Association of Stock Exchange Firms:

"Our Government expects to raise $9,000,000,000 in an intensive campaign, beginning Nov. 30. This is the largest single borrowing operation in our history. Next to the actual combat, it is the most important undertaking of the war to date.

"Responsibility for the success of the campaign rests, very largely, upon the financial industry, that is to say securities dealers, brokers, investment bankers and commercial banks. This is where the responsibility belongs. Here is our front in this global war. The United States Treasury, through the Victory Fund Committees of the 12 Federal Reserve Districts, is making full use of the facilities of our national securities distributing organization.

"We must measure up to our responsibility, no less so than our armed forces are measuring up to theirs. The objectives which we must consolidate are clear. We urge you, as patriotic citizens, to a maximum exertion to make certain that this campaign is the outstanding success which it must be."

Geo. F. Hummel Is With Hicks & Price

(Special to The Financial Chronicle)

CHICAGO, ILL. — George F. Hummel has become associated with Hicks & Price, 231 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Hummel was formerly in the unlisted stocks and bonds department of Lowell Niebuhr & Co., Inc., and prior thereto was with Rogers & Tracy, Inc., where he specialized in unlisted industrial stocks.

Max Allen Commissioned

Max T. Allen, proprietor of Max T. Allen Co., Hazelhurst, Miss., has been commissioned in the U. S. Navy and will report for active duty at Quonset Point, R. I., on Dec. 22. He will close his investment business for the duration.

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Alcock To Manage New A. M. Kidder Dept.

A. M. Kidder & Co., members of the New York Stock Exchange and other leading national exchanges, have opened a municipal bond department in charge of Thomas R. Alcock, at their main office at 1 Wall Street, New York City.

Mr. Alcock was formerly a partner in Alcock, Hill & Co. of Boston and prior thereto was manager of the municipal department for Southgate & Co.

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Cross Elected V.-P. Of Roosevelt-Weigold

Roosevelt & Weigold, Incorporated, 40 Wall Street, New York City, announce the election of Edwin J. Cross as Vice-President. Mr. Cross, who has been in the municipal bond field for the past 15 years, started his business career in the Trust Department of Roosevelt & Son in 1924 and was later promoted to the municipal department of that firm, which was under the direction of Charles E. Weigold. When Roosevelt & Son retired from the security business in 1933, Mr. Roosevelt and Mr. Weigold, former partners in that firm, together with Mr. Cross, formed Roosevelt & Weigold, Inc. to deal exclusively in State and municipal bonds.

C. H. Funk To Be Victory Fund Mgr.

SAN ANTONIO, TEX.—Creston H. Funk, for the past nine months President of Pitman & Co., Inc., is taking a leave of absence from the company to act as Regional Manager of the Victory Fund Committee for the San Antonio Region of the 11th Federal Reserve District. It is expected that B. F. Pitman, Jr., who has spent a substantial part of the past nine months investigating economic and financial conditions in Mexico and Central America, will again become active as the head of the firm.

Laird On West Coast

Douglas Laird, Vice-President of National Securities & Research Corporation, 120 Broadway, New York City, is traveling on the west coast and will be calling on dealers in Washington, Oregon, California and Texas for several weeks. He is due back in New York about Jan. 2.

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Discerning interest has been shown recently in some of the Connecticut Industrial Securities. Yielding an excellent return on one's investment at the present time, these securities of well established companies are good "Peace Stocks" as well as the securities of companies doing a very large and important war business. — *Cooley & Company.*

This territory always has a good market in our so-called "local" stocks, and the demand for insurance and industrial issues keeps up to the usual standards. There is a reasonable demand for local bank stocks and some also for our public utilities, so that while much money is going into Government bonds, there is a reasonably broad local market.

The insurance companies are always in the market with their large income revenue. Most of this is going into Government bonds to help the war effort with, of course, purchases of good bonds at attractive prices as a frequent alternative. Some of our smaller houses are closing as the staffs and partners go into service, and there have been some combinations and amalgamations of local firms.—*Whaples, Viering & Co.*

Portland, Me.

We believe a great many investors and *prospective* investors are somewhat bewildered by the conflicting opinions of our newspaper columnists, financial writers, economists, etc., but we do not find it difficult to talk with them in an attempt to clarify the situation. There is still plenty of courage available and after the Victory Bond Drive is over (and we mean over the top), we think the securities markets will show a marked improvement. — *W. T. Burns, Burns, Barron & Co.*

Providence, R. I.

Our local securities have been in good demand. The public interest is centered in post-war securities. Fixed interest bearing securities seem to be very high. And the swing of the pendulum will come with the result of a keen demand for good common stocks as the debt at the end of the war will be fantastic and I personally believe some inflation is bound to come.—*Gilbert F. Brooks, Gilbert F. Brooks & Co.*

The long cycle of deflation has ended and a period of inflation is now with us for some time to come. Cash is unquestionably less of an asset today than are some of the bargains in currently depressed issues.—*J. S. McDowell, McDowell, Dimond & Company.*

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Florida Gas Tax Amendment Favorable To Road And Road District Issues

By H. G. CARRISON, Clyde C. Pierce Corp.

The people of Florida in the general election held Nov. 3rd took the final step in solving one of the State's most difficult problems, left over from the late lamented Florida boom. The electors, by a vote of five to one, ratified a constitutional amendment pledging for a period of fifty years, 2 cents of the State 7 cents gasoline tax, to the payment of Florida County Road and Road District bonded debts.

This pledge culminates more than 13 years of diligent effort and trial and error, during which time attempts were made to stabilize the heavy road debt situation and put it on a sound, payable basis. During this period of 13 years, the Legislature created the State Board of Administration and returned to the counties proceeds from the State-collected gasoline tax. The purpose of returning this money to the counties was so that they might pay from gasoline money their several road debts. The State Board of Administration was the fiscal agent of the various counties, administering these funds at the direction or request of the various County Boards of Commissioners. This method went a long way toward helping to re-establish the credit of Florida counties, especially with regard to roads. However, it was not enough, as there was no real pledge given, and the money that was turned back to the counties from gasoline tax could be withdrawn by the Legislature at any session. The net result was that the State from gasoline tax was paying for a grade of credit which it was not receiving, because the bondholder could not rely, without hesitation, upon the gas tax distribution. The present administration, under the guidance of Florida's able Governor Holland, realized the weaknesses of the old plan and determined that if Florida was paying for a good grade of credit, it should get it, and in addition thereto, eliminate as much of the ad valorem tax burden for Road purposes as possible from the State's taxpayers. The present administration's effort to accomplish these ends—and which effort bids fair to succeed—is expressed by the passage of the constitutional amendment referred to above, the aims and practical results of which we shall review briefly:

Under the resolution, the State Board of Administration has been created as a constitutional body, empowered to act at is own discretion, not requiring directive resolutions from County Boards of Commissioners. The Board of Administration will handle all funds derived from the 2 cents pledge of gasoline tax, and will administer sinking funds, coupon and bond retirements, refundings, and in general all those things pertaining to the State's Road and Bridge, and Road and Bridge District bonded indebtednesses.

(Continued on page 1969)

The undersigned announce the dissolution of the firm of
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Lichtenstein's Ads Get Magazine Blurb

The unusual and amusing advertisements which B. S. Lichtenstein & Company, 99 Wall Street, New York City, specialists in obsolete securities, have been running in the "Financial Chronicle" since 1939 (on the upper right hand corner of the third page) are the subject of an article in the current issue of "Printer's Ink," which states:

An advertising campaign that increases business 300% is worth nurturing. Just such a campaign has become an institution with B. S. Lichtenstein and Co., Wall Street specialists in inactive and unlisted securities — "cats and dogs" to Stock Exchange members.

Mr. Lichtenstein credits the success of the campaign, begun in 1939, to the unconventional manner in which the advertisements were handled. His insertions in the "Commercial and Financial Chronicle," medium for the campaign, used to follow a formal, extremely simple pattern.

However, the traditional way never appealed to Mr. Lichtenstein so when he approached Frank Kiernan & Co., advertising agency, he expressed his own ideas to them, and together they worked out the strategy.

He admits quite frankly that the flippant, often nonsensical pattern, used in his advertisements, has brought adverse criticism from relative concerns that frown on such lack of dignity. But, as the campaign is more than accomplishing its purpose, he feels this criticism is a help rather than a hindrance.

Flip as Lichtenstein's advertisements appear, they are not the easiest to do because they have to be turned out voluminously and at the same time, with variety. For this reason the conventional insertion would be lots less trouble.

"It's an awful headache sometimes," asserts Mr. Lichtenstein, "trying to think of new, humorous, eye-catching gags. On the whole we've been pretty successful."

Forty Wall Street Building
New York City

Illustrated Analysis on request

Seligman, Lubetkin & Co.
Incorporated
Members New York Security Dealers Association
41 Broad Street New York
Telephone HAnover 2-2100 Teletype NY 1-592

REAL ESTATE SECURITIES

BROADWAY MOTORS BUILDING CORP.

(General Motors Building)

First Leasehold 4-6's, 1948

An Example of an Underpriced Real Estate Security

Typical of an underpriced security in the real estate field are the present outstanding leasehold mortgage bonds on the General Motors Building in New York City. With a backlog of rental income from the General Motors Corporation lease for half the space in the building and with interest being paid at 5% plus sinking funds averaging about $125,000 a year for the last five-year period for mortgage reduction, it would seem that the facts relating to this property warrant higher market levels. The following brief history gives the facts:

The original $6,000,000 mortgage had been reduced by serial maturities to $4,764,500 when the property was reorganized in 1936. In the reorganization, Motors Realty Corp. acquired the equity in the leasehold estate, securing the Broadway Motors Building Corp. first leasehold 6's and assumed the obligation for the First Leasehold Fixed and Cumulative Income 4-6's due Feb. 1, 1948, exchanged on a par for par basis pursuant to the terms of the reorganization, which provided for fixed interest at 4% per annum and the use of the next $100,000 of income after fixed interest for a sinking fund for purchase and retirement of bonds. Provision was made for 60% of any remaining surplus income to be used for additional interest and sinking fund.

Additional income interest has been paid as follows: ½ of 1% in February, 1939 and 1% in February, 1940, 1941 and 1942. Sinking funds have been available as follows:

For	1937	$130,714.84
"	1938	131,431.65
"	1939	115,637.45
"	1940	131,068.46
"	1941	124,896.34*

*Ground Rent increased $20,000 on 1/31/41.

The Dec. 31, 1941 balance sheet of the corporation shows that $1,120,000 bonds had been purchased and retired reducing the issue to $3,644,500 and that $59,099.31 remained with the Trustee for use in the purchasing and retirement of additional bonds.

The property consists of the leasehold estate and 25-story office building (erected in 1926) located on entire block bounded by Broadway, Eighth Avenue, 57th Street and 58th Street, New York City. The building of steel frame, fireproof construction, contains stores, offices and showrooms, having a net rentable area of 473,435 square feet. The 1942-1943 assessed valuation totals $6,975,000. Ground rent is now $260,000 per annum until Oct. 31, 1945, at which time it is reduced $50,000 to $210,000 per annum to Jan. 1, 1962. (This reduction of ground rent in 1945 obviously improves the sinking fund).

General Motors Corporation have 13 floors under lease at an annual rental of approximately $750,000 until April 30, 1948. A covenant of the lease provides that in the event of foreclosure under any mortgage on the fee, to which the mortgaged leasehold shall be subordinate, General Motors Corporation will purchase the fee and thereafter hold or cause to be held by the trustee, the leasehold estate intact for the benefit of the bonds until maturity.

Based on Indenture Provisions the 4% fixed interest has been earned as follows:

1937	1.82 times
1938	2.09 "
1939	2.36 "
1940	2.54 "
1941	2.62 "

Due to various times of sinking fund purchases, the fluctuation marketwise since 1937 has shown a spread from a low of 44 to a high of 74. At the current market level in the low 50's, the bonds offer a current yield of approximately 10% (based on 5% annual interest payments which are evident) and through the fairly large sinking funds available which will be increased by the reduction in ground rent, more than average appreciation possibilities.

TRADING MARKETS IN
REAL ESTATE SECURITIES
★ ★ ★
SHASKAN & CO.
Members New York Stock Exchange
40 EXCHANGE PL., N.Y. DIGBY 4-4950
Bell Teletype NY 1-953

John J. Hess In Army

John J. Hess, partner in Hess & Butchart, American Bank Building, Portland, Ore., is now serving as a captain in the U. S. Army. Captain Hess is stationed at Fort Mason, Oakland, Calif.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **J. Russell Wheeler** has become associated with **Dempsey-Detmer & Co.,** 135 South La Salle St. Mr. Wheeler was formerly with Hicks & Price and Winthrop, Mitchell & Co. In the past he was an officer of Karl G. Hauch & Associates, Inc., investment research.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**James O. Bishop** has been added to the staff of **Prugh, Combest & Land, Inc.,** 1016 Baltimore Ave.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **Charle K. Godfrey,** formerly with G. Brashears & Co., has joined the staff of **Adams-Fastnow Company,** 215 West Seventh St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Willis C. Horan** is now with **H. R. Baker & Co.,** Bank of America Building. Mr. Horan was previously with the Bankamerica Company.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **Maurice L. Kauffman** has been added to the staff of **Bogardus, Frost & Banning,** 629 So. Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **Robert W. Hudson** has become affiliated with **William H. Jones & Co.,** 215 West Sixth St. Mr. Hudson was previously with E. F. Hutton & Co. and Floyd A. Allen & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **Robert P. Archer,** formerly with Cavanaugh, Morgan & Co., has become connected with **Thomas Kemp & Co.,** 210 West Seventh St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **Michael C. Niccoli** has joined the staff of **Sutro & Co.,** Van Nuys Building. Mr. Niccoli was formerly with Searl-Merrick Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Beverly C. McKannon,** previously with G. Brashears & Co., is now with **Witherspoon & Co., Inc.,** 215 West Seventh St.

(Special to The Financial Chronicle)

MIAMI, FLA.—**Clyde Foster Frost** is now affiliated with **United Securities Corporation,** Biscayne Building.

MINNEAPOLIS, MINN.—**Nella M. Doyle** has become associated with **J. M. Dain & Co.,** Rand Tower. Miss Doyle was formerly with Blyth & Co., Inc., and I. H. Overman, Inc.

(Special to The Financial Chronicle)

RALEIGH, N. C.—**Joseph W. Wood** has become connected with **J. S. Bache & Co.,** 126 South Salisbury St. Mr. Wood was formerly Pinehurst, N. C., manager for Post & Flagg and Thomson & McKinnon.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**H. S. Clegg, S. J. Flanery, Hubert Hynes** and **Harold W. Robinson** have been added to the staff of **H. R. Baker & Co.,** Russ Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Raymond A. Fuller** is now with **Dean Witter & Co.,** 45 Montgomery St.

Holds Peak In Prime Corporate Bond Prices Has Now Been Reached

In their bulletin for November, Homer & Co., 40 Exchange Place, New York City, after stressing the fact that for the past ten years their underlying policy was dictated by the opinion that the high prices for long-term high grade bonds would be maintained, go on to say that they now are "taking this occasion to reverse this long-range position in so far as it applies to long-term prime corporate bonds and to suggest that a program of shortening maturities now for the first time seems indicated, together with a program of switching from corporates into governments. We are thinking in terms of the next several years and not at all of the immediate future.

"We base this change in view in part upon the long-range implications of the recent Congressional elections. * * * over a considerable period of years we have expressed the view that easy money has not been primarily attributable to such surface manifestations as gold movements and government policy, but has been primarily attributable to the psychology of fear which for ten years has pervaded this country and also most of the world. Virtually all investors have for years been primarily influenced by two fears: (a) Fear of political radicalism, which included fear of punitive taxation, profit confiscation and, in general, government anti-business policy, and (b) fear of disastrous war, which most of the time for the last ten years has been spreading throughout the world, and has finally reached our own shores. It has been our repeated analysis that these two fears created a great deflationary force which for years has effectively offset the inflationary American monetary position, resulted in a precarious balance between inflation and deflation, and served to maintain interest rates at very low levels. For ten years the great majority of investors, both private and institutional, have been obsessed with a ruling passion to preserve their principal at almost any sacrifice of income and to avoid any program involving the purchase of higher income in return for risk."

Continuing, the firm says that the November elections "were no doubt largely attributable to an underlying political trend away from economic radicalism," and "that such a fundamental trend had probably been under way in this country since 1938, that the war issue had obscured it in 1940, but that it was based on powerful forces which would in the future make themselves felt even more emphatically." As a result of the elections, the country will no doubt become increasingly aware of this trend. It would be foolish to argue that we will now have done with anti-business legislation, but nevertheless the spearhead of this deflationary force has been blunted, and this fact should gradually become apparent.

"The other fear mentioned above, i. e., fear of war, remains, and will continue, with its concomitant of restrictive war measures, for some time to come. Nevertheless if, in the next year or two, definite signs of decisive military victory come to hand and the end of the war comes in sight and, with it, a prospect of trade expansion, then the other principal source of fear will likewise fade. Thus we argue that while

(Continued on page 1972)

NSTA Publicity And Membership Committees

Membership of the Publicity and Membership Committees of the National Security Traders Association, as appointed by Wm. Perry Brown, Newman, Brown & Co., President of the Association, has just been announced.

Members of the Publicity Committee are: Walter F. Saunders, Dominion Securities Corp., New York City, Chairman; Richard F. Abbe, Jr., Van Tuyl & Abbe, New York City; Oliver B. Scott, Wyeth & Co., Los Angeles, Calif.; Sidney D. Spritz, Ballinger & Co.; Alfred Plumley, First National Bank & Trust Co., Minneapolis.

Richard F. Abbe

Ora M. Ferguson

Oliver Goshia

John C. Hecht

Alfred N. Plumley

Walter Saunders

Sidney Spritz

Jerome F. Tegeler

Membership Committee is made up of: John C. Hecht, Butler-Huff & Co., Los Angeles, Chairman; W. Perry MacPherson, Walker, Austin & Waggener, Dallas, Tex.; Paul Frederick, Commerce Union Bank, Nashville, Tenn.; Mrs. Ora M. Ferguson, Merrill Lynch, Pierce, Fenner & Beane, Louisville, Ky.; Oliver Goshia, Collin, Norton & Co., Toledo, Ohio; J. F. Tegeler, Dempsey-Tegeler & Co., St. Louis, Mo.

Edw. Pringle Joins E. F. Hutton & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Edward O. Pringle has become associated with E. F. Hutton & Co., 160 Montgomery Street. Mr. Pringle was formerly a partner in Eastland, Douglass & Co. and its predecessor firm, Eastland & Co.

NY Bond Club To Hear Tolischus On War

Otto D. Tolischus, formerly New York "Times" correspondent in Germany and Japan, will be guest of honor and speaker at the luncheon of the Bond Club of New York to be held Dec. 16, Albert H. Gordon, President of the club, announced. The subject of his talk will be "Our Enemies." The luncheon will be held at the Bankers Club.

Leonard Gazan With H. G. Bruns & Co.

Leonard E. Gazan has become associated with H. G. Bruns & Co., 20 Pine Street, New York City. Mr. Gazan has been a partner of the dissolved firm of L. E. Gazan & Co. In his new connection, Mr. Gazan will continue to specialize in the issues with which he has long been identified.

Stanley M. Weaver Joins Merrill Lynch Staff

(Special to The Financial Chronicle)

DETROIT, MICH.—Stanley M. Weaver has become associated with Merrill Lynch, Pierce, Fenner & Beane, Buhl Building. Mr. Weaver was formerly with American Industries Corporation and prior thereto he was Manager of the trading department for Alison & Co.

Seaboard Air Line 5s, 1931
Bonds and Certificates

PFLUGFELDER, BAMPTON & RUST
Members New York Stock Exchange
61 Broadway New York
Telephone—DIgby 4-4933 *Bell Teletype*—NY 1-310
RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

The speculative community received one of its most severe shocks last week when a surprise move was made to put the Alton into bankruptcy under Section 77. For ten years interest payments on the only outstanding bond issue (Chicago & Alton Refunding 3s) have at best been erratic, with nothing at all paid between April, 1938, and January, 1940. Nevertheless, throughout that whole period no attempt was made to put the company through the judicial reorganization that was obviously called for.

Apparently security holders were content to carry through without a cut in the capitalization on the theory that any available earnings would be passed along to holders of the Refunding bonds in any event, and that the expense of court action could be avoided. Also, in bankruptcy payments of interest on the old bonds would be subject to court approval, and might be less liberal than if subject only to the discretion of the management. Supporting the general belief that freedom from bankruptcy proceedings would continue indefinitely, the company entered an agreement with two institutional groups of bondholders a short time ago providing a formula for the disbursement of earnings.

Under this agreement there were to be deducted from earnings, the leased line rentals, funds for establishment of an adequate working balance, and a capital fund of 2½% of gross revenues. After these deductions the balance of income was to be applied to payment of overdue and current interest on the Chicago & Alton Refunding 3s. The agreement followed along the general lines set down by the ICC in formulating reorganizations under Section 77, and effectively put the bonds on a straight income basis. The parent company, Baltimore & Ohio, was also a party to the agreement.

The one weakness in the agreement, from the point of view of the bondholders, was the fact that it could be terminated at any time under various conditions, including merely 30 days' notice (without cause) by Baltimore & Ohio or the chairman of either group of bondholders. Nevertheless, this potential weakness was not given any great weight. As no bankruptcy attempt had been made over a period of years when interest was in default, there was considered to be little danger of such action now that a definite agreement had been reached and with traffic and earnings at war-swollen levels. The plan was terminated by Baltimore & Ohio. The only rational explanation for the move at this time appears to be a desire to have the old stock declared valueless, thereby establishing a tax loss for the parent company. Under the 1942 tax law it is believed that such a loss could be applied against the regular operating profits of the parent company.

At first glance it would appear that the action has little effect on holders of the Refunding 3s. The tentative reorganization plan filed at the same time as the petition in bankruptcy, allocates all of the new securities to the holders of these bonds, with half of the claim to be met in new Income 4s and half in new common. The bondholders will still be entitled to all of the earnings of the property. There are, however, two adverse factors from the point of view of the bondholder.

For one thing, the tax burden of the company will be increased materially after reorganization. Half of the claim of the old bondholders against the company's earnings will be represented by common stock which is subordinated to income taxes. Only that portion of income represented by the 50% in new Income bonds will be free from taxes. The other blow to bondholders is to be found in the time element. It is true that the simple nature of the capital structure and the fact that Baltimore & Ohio will presumably not attempt to protect its old equity interest through court appeals should expedite proceedings. Nevertheless, the mere mechanics of putting the plan through (hearings will have to be held, ballot taken, etc., in any event) will presumably take more than a year at least.

During this period payment of any interest will naturally be dependent on court approval. It therefore seems doubtful if bondholders will receive much, if any, material participation in the expanded earnings for some time to come. There is obviously a strong possibility that bondholders will not reap the income benefits of high earnings during a considerable part of the trusteeship, only to see the trusteeship terminated in a period of declining railroad traffic when there would be a minimum of earnings in which to participate. With these considerations it is generally conceded that the bonds are lacking in speculative appeal even after their recent sharp decline.

We recommend dealers' consideration, at this time, of all issues of

Chicago, Rock Island & Pacific R. R. Co.

LEROY A. STRASBURGER & CO.
1 WALL STREET, NEW YORK
WHitehall 3-3450 Teletype: NY 1-2050

MINNEAPOLIS & ST. LOUIS RAILROAD
(in reorganization)
Minn. & St. Louis New Com., W.I.
Minn. & St. Louis New 2nd 4s, W.I.
Minneapolis & St. Louis 6s 1932
Minneapolis & St. Louis 5s 1934
Minneapolis & St. Louis 4s 1949
Minneapolis & St. Louis 5s 1962
Iowa Central 5s 1938
Iowa Central 4s 1951
Des Moines & Fort Dodge 4s 1935

Frederic H. Hatch & Co.
Incorporated
63 Wall Street New York, N. Y.
Bell Teletype NY 1-897

As brokers we invite inquiries on blocks or odd lots of
HIGHEST GRADE RAILS
We also maintain net markets in
SEABOARD AIR LINE
1st 4s, 1950
SEABOARD AIR LINE
Consol. 6s/45. Bonds & Ctfs.
SEABOARD AIR LINE
5s/31. Actuals & Ctfs.

l. h. rothchild & co.
specialists in rails
11 wall street n.y.c.
HAnover 2-9175 Tele. NY 1-1293

AMERICAN MADE MARKETS IN CANADIAN SECURITIES

Aldred Investment Trust 4½s, 1967
Brown Company, 5s, 1959
Canadian Pac. Rwy. (Various Issues)
International Hydro-Elec. 6s, 1944
Mont. Lt., Ht. & Pwr. 3½s All Issues

HART SMITH & CO.
52 WILLIAM ST., N. Y. HAnover 2-0980
Bell Teletype NY 1-395
New York Montreal Toronto

Reorganization
Progress and Earnings
Bulletin
SEABOARD AIR LINE RAILWAY COMPANY
Available on Request
All Issues Bought — Sold — Quoted

VAN TUYL & ABBE
72 WALL STREET
NEW YORK

Bond Club Of Phila. Slate Of Officers

PHILADELPHIA, PA. — The Nominating Committee of the Bond Club of Philadelphia has presented a slate of officers to the members. Voting will take place at the annual meeting of the club this month. Nominees were:

President, Walter A. Schmidt, Schmidt, Poole & Co., to succeed Arthur S. Burgess of Biddle, Whelen & Co.

Vice-President, Alfred R. Hunter, Yarnall & Co.

Secretary, Henry D. Boenning, Boenning & Co.

Treasurer, Eugene T. Arnold, Harriman Ripley & Co., Inc.

Jas. Yates, Jr., Now With Hill Brothers

(Special to The Financial Chronicle)

ST. LOUIS, MO. — James A. Yates, Jr., has become associated with Hill Brothers, Security Building, members of the New York and St. Louis Stock Exchanges. Mr. Yates was formerly a partner in Gatch & Co., where he was in charge of the New York Stock Exchange department. Prior thereto he was Manager of the trading department for Francis Bro. & Co., with which he was connected for many years.

Defaulted RR. Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—44; low—14¾; Dec. 2 price—39¾.

Fireman's Fund Ins.
New
Jersey Insurance
Northern Insurance
•
A. M. Kidder & Co.
Members New York Stock Exchange
and other leading exchanges
1 WALL ST. NEW YORK
Telephone DIgby 4-2525

Bank and
Insurance
Stocks
Inquiries invited in all
Unlisted Issues
Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK CITY
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Department)

Bank and Insurance Stocks

This Week — Bank Stocks

By H. A. LEGGETT

The big news in banking circles last week came, as is usual these days, from Washington. The matter of easing the way for banks and their customers to take on ever-increasing amounts of Government bonds was given official recognition—and attention. After a meeting in the office of Chairman Marriner S. Eccles, the Board of Governors of the Federal Reserve System issued the following statement of policy:

"The Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System and the executive committee of the National Association of Supervisors of State Banks make the following statement of their examination and supervisory policy with special reference to investments in and loans upon Government securities:

"'1. There will be no deterrents in examination or supervisory policy to investments by banks in Government securities of all types, except those securities made specifically ineligible for bank investment by the terms of their issue.

"'2. In connection with Government financing, individual subscribers relying upon anticipated income may wish to augment their subscriptions by temporary borrowings from banks. Such loans will not be subject to criticism but should be on a short-term or amortization basis fully repayable within periods not exceeding six months.

"'3. Banks will not be criticized for utilizing their idle funds as far as possible in making such investments and loans and availing themselves of the privilege of temporarily borrowing from or selling Treasury bills to the Federal Reserve Banks when necessary to restore their required reserve positions.'"

The above statement is much more general in its terms than originally rumored — and expected. Earlier dispatches from Washington had suggested that an official pronouncement might be made about a new deposit-capital ratio to replace the time-honored 10 for 1. Such discussions apparently ignored the fact that any attempt to fix a definite ratio, under present conditions, would be manifestly unwise, if not impossible. Furthermore, it would be little short of absurd to come out at this time with an announcement repealing something which never actually existed in the first place. Although usually regarded as a rough yardstick of conservative banking practice in the past, a 10 to 1 deposit-capital figure at no time enjoyed the status of a full-fledged regulation or requirement.

As a matter of plain fact, hundreds of banks haven't been within reasonable hailing distance of a 10 to 1 ratio for many, many years. Outside of the larger money centers, it is not at all uncommon for banks to carry deposits in the amount of 30 or 40 times their capital and surplus funds. Take for example, the case of a town in the so-called Hinterland (population around 30,000). The total banking capital of the community amounts to about $1,000,000 (in normal times, a very comfortable and conservative reservoir). Ten years ago, the bank deposits there were about 5 or 6 million dollars. Today they have swelled to a grand total of $40,000,000 and, according to present indications, may easily jump to 50, 60 or heaven-only-knows how many millions.

Of course it is generally recognized, by bankers and the examining authorities alike, that the amount of deposits in relation to capital has little to do with the soundness of a bank and that the determining factor is its assets. If a bank's assets are largely liquid and non-speculative, the deposit situation may be purely academic. Under our present

(Continued on page 1971)

FINANCIAL NOTICE

GREAT NORTHERN RAILWAY COMPANY

INVITATION FOR TENDERS

To the Holders of Great Northern Railway Company General Mortgage 4% Convertible Bonds, due July 1, 1946, Series G and H:

The Great Northern Railway Company hereby invites tenders on or prior to December 8, 1942 for sale to the Company of its General Mortgage 4% Convertible Bonds, due July 1, 1946, Series G and H.

Tenders at prices in excess of the principal amount of such bonds, exclusive of interest, will not be considered. Interest on bonds accepted for purchase, whether in registered or coupon form, will be paid to December 23, 1942, but not thereafter. The Company reserves the right to accept or reject any or all tenders and to accept or reject any part of any tender.

Persons desiring to tender bonds for purchase by the Company pursuant to this invitation should fill out and mail to the Company at the office of its Agent, The First National Bank of the City of New York, 2 Wall Street, New York, N. Y., a letter in the form which may be obtained from the Company or the Agent stating the price at which such bonds are so tendered. All tenders must be received by the Agent on or before 3 o'clock P. M., Eastern War Time, December 8, 1942. Bondholders making tenders who are unknown to the Company or its Agent should have their signatures guaranteed by a bank, trust company or a member of a recognized stock exchange. Notice of acceptance or rejection of tenders will be mailed not later than December 14, 1942, to the makers thereof at the addresses designated by them.

Bonds accepted pursuant to any such tender must be surrendered to the Company at the office of its Agent, The First National Bank of the City of New York, on or before December 23, 1942, or such later date as the Company may agree upon. Coupon bonds should have the January 1, 1943 coupon and subsequent coupons attached. Registered bonds must be assigned in blank or be accompanied by appropriate detached assignments.

GREAT NORTHERN RAILWAY COMPANY
By F. J. GAVIN, *President*

St. Paul, Minnesota
November 17, 1942

DIVIDEND NOTICES

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 147
Common Dividend No. 131

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending December 31, 1942, and a dividend of 10¢ per share on the Common Stock have been declared. Both dividends are payable January 1, 1943, to holders of record December 10, 1942. The stock transfer books will remain open.

J. P. TREADWELL, JR.
November 25, 1942 *Secretary*

American Locomotive Company
30 CHURCH STREET
NEW YORK, N. Y.

Preferred Dividend No. 138

A dividend on the Preferred Capital Stock of this Company of $1.75 per share on account of accumulated dividends has been declared payable December 22, 1942, to the holders of record of said stock at the close of business on December 9, 1942.

Transfer books will not be closed. Checks will be mailed by the Bankers Trust Company on December 21, 1942.

JOHN D. FINN
November 25, 1942 *Secretary*

THE ATLANTIC REFINING CO.

PREFERRED DIVIDEND NUMBER 27

At a meeting of the Board of Directors held November 30, 1942, a dividend of one dollar ($1) per share was declared on the Cumulative Preferred Stock Convertible 4% Series A of the Company, payable February 1, 1943, to stockholders of record at the close of business January 5, 1943. Checks will be mailed.

W. M. O'CONNOR
November 30, 1942 *Secretary*

GUARANTY TRUST COMPANY OF NEW YORK

New York, December 2, 1942.

The Board of Directors has declared a quarterly dividend of Three Per Cent. on the Capital Stock of this Company for the quarter ending December 31, 1942, payable on January 2, 1943, to stockholders of record December 11, 1942.

MATTHEW T. MURRAY, JR., Secretary.

Beneficial Industrial Loan Corporation

DIVIDEND NOTICE

Dividends have been declared by the Board of Directors, as follows:

PRIOR PREFERENCE STOCK
$2.50 Dividend Series of 1938
62½c per share
(for quarterly period ending Dec. 31, 1942)

COMMON STOCK
35c per share

Both dividends are payable Dec. 31, 1942 to stockholders of record at close of business Dec. 15, 1942.

E. A. BAILEY
December 1, 1942 Treasurer

Attractive Outlook

The earnings outlook for the 40 Wall Street Building, Incorporated, is particularly attractive at the present time, according to an analysis issued by Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City. Copies may be had from Seligman, Lubetkin & Co. upon request.

Now Stone, Moore & Co.

DENVER, COLO.—Donald F. Brown & Co., U. S. National Bank Building, announces the change of its firm name to Stone, Moore & Company, Incorporated. There is no change in personnel.

DIVIDEND NOTICES

CELANESE
CORPORATION OF AMERICA
180 MADISON AVE. · NEW YORK, N. Y.

THE Board of Directors has this day declared the following dividends:

5% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.25 per share, payable January 1, 1943 to holders of record at the close of business December 17, 1942.

7% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable January 1, 1943 to holders of record at the close of business December 17, 1942.

7% SECOND PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable January 1, 1943 to holders of record at the close of business December 17, 1942.

COMMON STOCK

A dividend of 50¢ per share, payable December 31, 1942 to holders of record at the close of business December 17, 1942.

JOHN A. LARKIN,
Vice-Pres. & Sec'y.

December 1, 1942

DU PONT **E. I. DU PONT DE NEMOURS & COMPANY**

WILMINGTON, DELAWARE: *November 16, 1942*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable January 25, 1943, to stockholders of record at the close of business on January 8, 1943; also $1.00 a share, as the "year-end" dividend for 1942, on the outstanding Common Stock, payable December 14, 1942, to stockholders of record at the close of business on November 23, 1942.

W. F. RASKOB, *Secretary*

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a final dividend for the year 1942 of Fifty Cents ($0.50) per share on the Common Stock, payable December 22, 1942, to Stockholders of record at the close of business on December 2, 1942. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*
Philadelphia, November 20, 1942.

HOLLANDER DYED FURS

A. HOLLANDER & SON, INC.
Common Dividend

A year-end bonus dividend of 25c per share on the Common Stock has been declared payable January 4, 1943, to stockholders of record at the close of business on December 24, 1942. Checks will be mailed.

ALBERT J. FELDMAN, Sec.
Newark, N. J.
November 30, 1942.

MARGAY OIL CORPORATION
DIVIDEND NO. 50

The Board of Directors of the MARGAY OIL CORPORATION has this day declared a dividend of twenty-five cents a share on the outstanding stock of the corporation of the issue of 160,000 shares provided by amendment to the certificate of incorporation of April 27, 1926, payable January 9, 1943, to stockholders of record at the close of business December 19, 1942.

E. D. OLDENBURG, Treasurer.
Tulsa, Oklahoma, December 1, 1942.

Warren Bros. Bonds Seen Offering Possibilities

The 4½% bonds due 1956 and 5% bonds due 1977 of Warren Bros. offer particularly attractive possibilities at the present time, according to a circular being distributed by Josepthal & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this interesting circular discussing the situation on these issues may be had from Josephthal & Co. upon request.

Shaskan Adds Siepser

James Siepser has joined the trading department of Shaskan & Co., 40 Exchange Place, New York City, members of the New York Stock and New York Curb Exchanges. He was recently affiliated with L. J. Goldwater & Co., Inc., and prior thereto with Strauss Bros.

FINANCIAL NOTICES

This Announcement is not an Offer

Colombian Mortgage Bank Bonds

Agricultural Mortgage Bank

(Banco Agricola Hipotecario)

Guaranteed Twenty-Year 7% Sinking Fund Gold Bonds
Issue of 1926, Due April 1, 1946

Guaranteed Twenty-Year 7% Sinking Fund Gold Bonds
Issue of January, 1927, Due January 15, 1947

Guaranteed Twenty-Year 6% Sinking Fund Gold Bonds
Issue of August, 1927, Due August 1, 1947

Guaranteed Twenty-Year 6% Sinking Fund Gold Bonds
Issue of April, 1928, Due April 15, 1948

Bank of Colombia

(Banco de Colombia)

Twenty-Year 7% Sinking Fund Gold Bonds of 1927
Dated April 1, 1927, Due April 1, 1947

Twenty-Year 7% Sinking Fund Gold Bonds of 1928
Dated April 1, 1928, Due April 1, 1948

Mortgage Bank of Colombia

(Banco Hipotecario de Colombia)

Twenty-Year 7% Sinking Fund Gold Bonds of 1926
Dated November 1, 1926, Due November 1, 1946

Twenty-Year 7% Sinking Fund Gold Bonds of 1927
Dated February 1, 1927, Due February 1, 1947

Twenty-Year 6½% Sinking Fund Gold Bonds of 1927
Dated October 1, 1927, Due October 1, 1947

Mortgage Bank of Bogota

(Banco Hipotecario de Bogota)

Twenty-Year 7% Sinking Fund Gold Bonds
Issue of May, 1927, Due May 1, 1947

Twenty-Year 7% Sinking Fund Gold Bonds
Issue of October, 1927, Due October 1, 1947

Copies of the Offer, which became effective July 1, 1942, to exchange the above Bonds and the required coupons for **Republic of Colombia, 3% External Sinking Fund Dollar Bonds, due October 1, 1970,** with the coupons maturing on and after October 1, 1942 attached, may be obtained upon application to The National City Bank of New York, Corporate Agency Department, 20 Exchange Place, New York, N. Y.

The October 1, 1942 Coupon on the new 3% bonds is being paid at the offices of Hallgarten & Co., 44 Wall Street, and Kidder, Peabody & Co., 17 Wall Street, New York, N. Y., Paying Agents.

AGRICULTURAL MORTGAGE BANK
(Banco Agricola Hipotecario)
By JUAN SALGAR MARTIN
(Gerente)

December 1, 1942

To the Holders of

The Kingdom of Belgium External Loan
Thirty Year Sinking Fund 6% Gold Bonds,
Payable January 1, 1955

The Kingdom of Belgium External Loan
Twenty-five Year 6½% Gold Bonds,
Payable September 1, 1949, and

The Kingdom of Belgium External Loan
Thirty Year Sinking Fund 7% Gold Bonds,
Payable June 1, 1955:

Under present restrictions only certain of the unconverted and outstanding bonds of the above-described issues have been licensed under Executive Order No. 8389, as amended, of the President of the United States of America and have, accordingly, been designated by the Belgian Government as eligible for purchase or redemption.

In view of the above-mentioned restrictions the Belgian Government considers it appropriate, until the return of more normal conditions, to make provision for the retirement of bonds only in amounts equal to those proportions of the contractual sinking fund payments which it calculates to be applicable to licensed and designated bonds, and to suspend contractual sinking fund payments.

Consequently, after the date hereof, the Belgian Government will pay such sums so determined to J. P. Morgan & Co. Incorporated and Guaranty Trust Company of New York, as its agents under instructions to apply such moneys solely to the retirement of licensed and designated bonds, following, to the extent appropriate, a procedure similar to that provided in the sinking fund clauses of the pertinent loan contracts.

Remittances for the retirement of bonds will thus in effect be placed on a basis similar to that with respect to remittances for interest, pursuant to the Belgian Government's notice dated August 23, 1941.

THE KINGDOM OF BELGIUM
by GEORGES THEUNIS,
Ambassador Extraordinary

November 27, 1942

Cities Service Looks Good

The current situation in preferred stock of Cities Service Company offers most attractive possibilities according to a circular issued by James D. Cleland Company, 65 Broadway, New York City, which declares there seems little doubt that the present low price of the preferred stock is the result of undue attention focused on the "power and light" activities of the company and the oversight of the fact that the major activities and investments of the company are centered in the petroleum industry. Interesting figures are given in the circular comparing the securities in the Cities Service portfolio and discussing the outlook for holders of the preferred stocks. Copies of this circular may be had from James D. Cleland Company upon request.

Cullen Is Langill Partner

CHICAGO, ILL.—Charles J. Cullen has been re-admitted as a general partner in Langill & Co., 134 South La Salle Street, members of the Chicago Stock Exchange.

Royal Bank of Scotland
Incorporated by Royal Charter 1727
HEAD OFFICE—Edinburgh
Branches throughout Scotland
LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£98,263,226
Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand
BANK OF
NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000
Aggregate Assets 30th Sept., 1941	£150,939,354

SIR ALFRED DAVIDSON, K.B.E.,
General Manager
Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK of EGYPT
Head Office Cairo
Commercial Register No. 1 Cairo
FULLY PAID CAPITAL . £3,000,000
RESERVE FUND £3,000,000
LONDON AGENCY
6 and 7 King William Street, E. C.
Branches in all the principal Towns in
EGYPT and the SUDAN

Director Indemnification For Chase and Nat'l City

As to forthcoming action of the stockholders the Chase National and National City Banks of New York at their annual meetings in January advices made available Nov. 23 said:

"A year ago many of the state banks in New York took action at their stockholders' meetings to authorize the indemnification of their officers and directors against the expense of litigation in cases where there had been a successful defense. A number of the national banks in New York and elsewhere are considering taking similar action this year. The Chase National Bank and the National City Bank in New York City have definitely decided to submit the matter to their shareholders in the form of an amendment of the Articles of Association.

"The action is not directed to any special situation, but is a general safeguard to protect officers and directors against the expense of unwarranted suits. It is understood that the proposed amendment is satisfactory as to form to the Comptroller of the Currency."

It is understood that the action was primarily conceived for the protection of directors.

BOND SERIES
LOW-PRICED BOND SERIES
LOW-PRICED COMMON STOCK SERIES
NATIONAL
SECURITIES SERIES
INCOME SERIES
PREFERRED STOCK SERIES
INTERNATIONAL SERIES
FIRST MUTUAL TRUST FUND
Prospectuses upon request
NATIONAL SECURITIES & RESEARCH CORPORATION
120 Broadway, New York

Investment Trusts

A PLEASANT SURPRISE

More than 100,000 owners of investment company shares will enjoy the happy experience of discovering that dividends received from their holdings this year are exempt from Federal income taxes. Although not certain, it now appears likely that next year's dividends on the shares of many investment companies will also be tax exempt.

This pleasant surprise is the result of a provision in the 1942 tax law permitting investment companies to choose between paying taxes as ordinary corporations or qualifying as "regulated investment companies" and paying no taxes whatever on income distributed to stockholders. The decision to qualify as a "regulated investment company" is final once it is made—**but it may be postponed indefinitely!**

Taking advantage of this choice, many investment companies plan to pay taxes as ordinary corporations this year and utilize some of their unrealized losses to make their dividends to stockholders tax exempt. The gain which will accrue to the stockholder as a result of this procedure, to quote from the Quarterly Report of Boston Fund for the period ended Oct. 31, 1942, may be summed up as follows:

"If Boston Fund postpones making this election until a later year, it may file a return for 1942 and pay a tax as an ordinary corporation. By realizing losses from the sale of securities, it may then cause dividends paid to shareholders to be exempt from Federal income taxes applicable to individuals. And because corporations are allowed to deduct 85% of income received in dividends in computing taxable income, an investment company such as Boston Fund, filing its return as an ordinary corporation, is subject to a tax on but 15% of its dividend income. At the new corporation tax rates, this amounts to an effective tax rate on dividend income of some 6%.

"As the tax rates applicable to income of individuals start at 19%, it seems advisable for Boston Fund to pay a tax as an ordinary corporation at an effective rate of 6% and, by realizing losses from the sale of securities in an amount equal to net investment income, cause dividends paid to shareholders during the calendar year 1942 to be exempt from Federal income taxes applicable to individuals.

"For Federal income tax purposes, such tax exempt dividends should be considered to be in the nature of a return of capital and applied toward reduction of the cost price of shares in computing capital gains or losses at time of sale."

In the case of Boston Fund no commitment as to what course will be followed next year is made. The report concludes:

"It is impossible to state at this time what course of action with respect to this matter will be followed in 1943 because of so many factors, including possible further changes in the tax laws, which cannot now be foreseen. Accordingly, any assumption now as to whether dividend payments to shareholders in 1943 will constitute taxable or non-taxable income is not warranted."

A similar choice has been announced by Incorporated Investors, this company being the first so far as this column is aware to make public its decision with respect to its 1942 tax status. Other investment companies which have announced substantially identical plans are Affiliated Fund, American Business Shares and Selected American Shares.

New York Stocks and Fundamental Investors have gone a step further and announced their intentions with respect to 1943. On this point the sponsor of these two companies, Hugh W. Long & Co., notifies its dealers as follows: "It is further anticipated that a similar situation will exist in 1943 as regards realization of losses and in that event the management does not intend to file as a regulated company for that year."

An exception to the general position of the field is taken by Lord, Abbett's Union Trusteed Funds—and with very good reason, as the sponsor points out. "Without realized or realizable losses available in amounts sufficient to counterbalance invest-

(Continued on page 1975)

Send for Prospectus
Republic
Investors Fund, Inc.
Distributing Agent
BULL, WHEATON & CO. Inc.
40 Exchange Place, New York

Keystone
Custodian Funds
BONDS
Business Men's Investment Bond Fund . . . B1
Medium Priced Bond Fund B2
Low Priced Bond Fund B3
Speculative Bond Fund B4
PREFERRED STOCKS
Income Preferred Stock Fund K1
Appreciation Preferred Stock Fund K2
COMMON STOCKS
Quality Common Stock Fund S1
Income Common Stock Fund S2
Appreciation Common Stock Fund S3
Low Priced Common Stock Fund S4
Prospectus may be obtained from your dealer or from
THE KEYSTONE CORP. OF BOSTON
50 CONGRESS STREET, BOSTON

Municipal News & Notes

The recent announcement of the intention of the City of Phoenix, Ariz., to offer at competitive sale on Dec. 22 a total of $339,000 refunding bonds has served to focus renewed attention to the decision handed by down the Arizona Supreme Court on May 4 of this year in the case of Maricopa County, Ariz., vs. Sidney P. Osborn, et al (Loan Commissioners of Arizona). In its decision the State's highest court ruled that $4,900,000 of outstanding 5½% and 6% road bonds of the county, maturing serially to 1951, were subject to prior redemption, despite the fact that they had been issued without a specific call provision and accordingly had always been considered non-callable. The decision, moreover, was so broad in implication, it was said, as to apply in equal force in the case of any bonds issued since 1913 by counties, municipalities and school districts throughout the State. It was recently indicated that the matter would be appealed in Federal courts on the ground that no holder of bonds was a party to the suit which resulted in the court ruling. The county, however, is currently making plans to refund the bonds in question.

Meanwhile, it will be interesting to observe what effect, if any, the decision will have in the case of the projected Phoenix offering, the terms of which do not include any optional clause. Despite this fact, the attorneys who will furnish the final approving opinion, Messrs. Gust, Rosenfeld, Divelbess, Robinette & Coolidge of Phoenix, have stated that "the existing opinion of the (Arizona) Supreme Court (in the Maricopa County case) is so broad in its implication that our opinion on the (Phoenix) refunding bonds as well as other municipal and school district bonds that may be issued prior to a further declaration by the Supreme Court on the question must necessarily refer to said decision and the possibility that said bonds will be subject to call at any time."

This course will be followed with respect to the Phoenix issues, although the attorneys observed that the bonds in question are being issued under a different statute than that involved in the Maricopa County ruling. The law firm set forth its views in a letter addressed to Refsnes, Ely, Beck & Co. of Phoenix, Ariz., under date of Nov. 20.

Atlantic City May Defer Call for Bonds

The above city does not contemplate issuing any call of outstanding bonds until possibly next spring, it was recently indicated by Bessie M. Townsend, City Comptroller. The Comptroller was quoted in the local press as saying on Nov. 23 that "January, February and March are our poorest months, and we think it wise to wait until after that time before we do anything." Finance Commissioner Bader is said to have refused to make any comment other than "we paid too much last time." The present year's budget, it was said, contained a sum of $549,137 for a bond call, of which $505,000 represented an appropriation and the balance a left-over from last year's water bond call. The last call made by the city was in November and the average price paid at that time was $95. The city's bonds were recently quoted at $87, it was said.

Under the refunding agreement, the city must appropriate certain sums each year for the retirement of bonds, but some city officials say that there is nothing in the agreement that provides dates when the calls should be made. Technically, the money for the call should be filed in banks at Newark, but this, reports say, has been observed but once since the agreement was reached and the creation of balances caused so much trouble that it was never observed after that. Instead, the city sent just sufficient funds to cover the call.

Philadelphia Bond Exchange Advantages Cited

The advantages to the bondholder and the city of the current bond exchange offer made on behalf of Philadelphia by a syndicate headed by Drexel & Co., Philadelphia, and Lehman Bros., New York, as set forth by the Philadelphia Bureau of Municipal Research, are as follows:

"**Advantages to Bondholders.** Briefly stated, the benefits to a bondholder who makes an exchange under the present refunding plan are these: He secures a bond of the city with an assured minimum life greater than that of his present bond; he secures a bond bearing the same rate of interest as his present bond to the time that bond can be called by the city, and bearing a higher-than-present-market rate of interest thereafter; he secures a bond that is not subject to the Federal personal income tax and that may never be subject to that tax, whereas if he does not make an early exchange he may not be able to obtain a tax-exempt bond (or a taxable bond of equal value to him) except at a much greater cost; also, he secures a bond of the city with a higher present market value than (a) the value of the bond he turns in, plus (b) the 1% fee he pays for the exchange.

"**Advantages to the City.** The principal objective of the city is to eliminate the uncertainties of future interest rates, including any increase in rates that may result from subjecting the income from municipal bonds to the Federal personal income tax. By making an exchange now it insures itself against having to pay, after given dates, more than 3¼% on such of the bonds as are turned in by their holders. Assuming a 100% exchange of the eligible bonds in the hands of the public, the city would save more than $45,000,000 in net interest cost over the life of the new bonds as compared with the cost of the present bonds over their life. A smaller exchange would, of course, mean a smaller saving — not necessarily proportional, but possibly not far out of line."

Toronto's Indebtedness Cut $85,000,000 In 10 Years

The remarkable record of debt reduction by our States and municipalities which has continued with consistent regularity since 1932 has been widely publicized in these columns and elsewhere. While this is true, it is also a fact that the accomplishments in this respect by certain of Canada's taxing units are no less impressive, although they are not accorded the prominence they so righly merit. With this as a preface, let us here review the splendid progress in the matter of debt retirement effected by Toronto, Ontario, during the past decade. The story, as set forth in a recent issue of the Toronto "Globe & Mail," follows:

Toronto's municipal debt has taken a nosedive during the past 10 years. Cold figures in sombre financial statements will support the statement.

Finance Commissioner G. A. Lascelles and his associates wage an unceasing tussle with the sinking fund to bring about a lower mill rate with its consequent reduction in the amount paid by Mr. Property Owner in taxes. The Sinking Fund, one of the principal keys to city finance, is the amount of money placed aside annually to meet the city's future debt obligations.

The Sinking Fund money, of course, is invested by the city in sound securities. By investing wisely, the Sinking Fund can be made to work for the citizens. The more interest it brings in, the more is on hand in the city's coffers. When the Sinking Fund earns more money than is expected, a surplus is created to retire bonds ahead of time. This practice saves the citizens money. If a City of Toronto bond, due to be paid off in 1950, is actually paid off in full by 1942, the city saves eight years' debt charges.

Over a period of years, the amount saved in interest charges by retiring bonds before maturity amounted to a considerable sum. It would equal about one and a half mills on the 1942 tax rate, Finance Commissioner Lascelles estimated.

In 1932, Toronto's total gross debt stood at $195,064,861. Each year since then, it has been pared until today the total is only $110,585,283. It will come down still more, says Finance Commissioner Lascelles. The following figures show the steady decline during the decade: 1933, $191,487,601; 1934, $188,547,562; 1935, $180,683,302; 1936, $176,066,410; 1937, $167,425,350; 1938, $158,556,184; 1939, $147,434,575; 1940, $132,913,453; 1941, $120,985,431; 1942, $110,585,283.

The city's present standing in regard to debt is excellent, and two factors are chiefly responsible for this picture, says Finance Commisisoner Lascelles. They are the practice of financing capital expenditures through issuance of short-term debentures instead of for long periods, and the strict economy instituted by City Council of spending money only for essential new works and services.

During the 1932-42 decade the city's new debt amounted to $51,943,101. Included in this sum, however, was $15,146,791 for direct unemployment relief, for which debentures were issued for short terms and at very low interest rates. Less than $1,000,000 of the relief debentures remain to be paid off, and they will be cleared from the records by the end of 1944.

Citizens of North Toronto have been paying for a sewer and drainage system for the past 13 years, and this debt is due to be cleared off at the end of 1944. This local improvement project cost more than $8,000,000, and North Toronto tax bills will drop when it is finally laid to rest along with the city's other dwindling outstanding debts.

Mobile, Ala. Seeks Court Ruling On Bond Issue

The City Commission is awaiting the decision of the Circuit Court as to the city's authority to raise street improvement funds by increasing the amount of Bankhead tunnel bonds. In event the procedure should be held legally permissible, the city plans to issue $4,500,000 of tunnel bonds for the purpose of retiring the $2,600,000 now outstanding and to provide for street improvements and other projects.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over—short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

(Ed. Note—Very few municipal bond issues of major size are scheduled for award in the near future. With expenditures for local improvements held to bare necessities by the demands of war-time policies, the prospect naturally is that for some time to come the amount of new issues coming to market will be small.)

As noted in this space last week, dealer activity in recent weeks has been identified in large measure with the redistribution of old blocks of bonds occasioned by liquidation carried out by various institutions and municipal sinking funds. Further selling of this character is continuing. In this connection, the Nov. 30 municipal news letter issued by Hemphill, Noyes & Co., New York, said in part as follows:

"Dealers are glad to have these old sinking fund and institutional holdings to bid for. They comprise a varied assortment of high grade old issues already familiar in every detail. Naturally, dealers and investors both are speculating as to how much more of this sort of selling there is likely to be. 'As much as the market will take,' probably is the answer. Pressure on institutions and sinking funds to switch into governments is undoubtedly very great, but it can be successful only while there is an improvement in return to be secured by the exchange. Since there is nothing neccessitous about this old holder selling, it is not likely to be pressed in a volume which would depress the market seriously. It may, however, prove to be a reservoir feeding the stream of offerings so constantly that prices cannot rise. That result could not hurt anyone; prices are plenty high enough."

December 15

$600,00 Allentown, Pa.

At previous sale, several years ago, successful bidder was account of Smith, Barney & Co. and Lazard Freres & Co. Second high offer made by First Boston Corp. and Associates.

N.Y. Victory Fund Group Opens Dec. Loan Drive

Approximately 5,000 volunteer workers, from the staffs of commercial and savings banks, trust companies, investment dealers and brokers, insurance companies and others in Manhattan and the Bronx went into action on Nov. 30 opening the Victory Loan Drive to sell $9,000,000,000 of U. S. Treasury securities during December, Perry E. Hall, Executive Manager of the Victory Fund Committee for the Second Federal Reserve District, announces. The Committee's plans call for a thorough canvass of investors and business establishments by these workers who are formed into fifteen teams, each headed by one of fifteen largest commercial banks in the two boroughs. A total of 66 banks and nearly 300 investment dealers and brokers are included in the teams.

In other boroughs of New York City, and in other communities in the Second (New York) Federal Reserve District, general groups have been organized to canvass potential investors. Insurance companies, through the Chairmen of the National Association of Life Underwriters' Committee for National War Savings, have cooperated with banks and investment dealers, under the direction of the Regional Chairmen of the Victory Fund Committee, in organizing these groups.

Allan Sproul, President of the Federal Reserve Bank of New York, is not only Chairman of the Victory Fund Committee for the Second Federal Reserve District, but also Chairman of Region 8, comprising New York and Bronx Counties. Mr. Francis T. Ward is Vice-Chairman of this region. On Nov. 29 Mr. Hall said:

"The Secretary of the Treasury has asked the Victory Fund Committee to do the most important job that they have yet undertaken, and we must succeed in that job completely. The nation is now spending for war purposes more than $1,500,000,000 each week, and to win the war it must and will spend any amount necessary. To raise this money, and put the resources of the country behind our armed forces, every individual and every corporation with available cash must lend to the Government by purchasing its secuirties."

For the Victory Loan Drive, the Treasury is offering three new issues; a description of the securities appears elsewhere in these columns.

Mr. Hall further said:

"Somewhere in this list every investor will find a security suited to his particular needs. Behind our armed forces must stand our dollars — billions of dollars. The way to make our dollars fight is to lend them to our Government. The Government promises to repay, with interest. If a U. S. bond today is not the best investment in the world, there is only one that is—a Jap bond. Or a German bond."

First Boston Group Offer Central Maine Issue

A new issue of $12,500,000 Central Maine Power Co. first and general mortgage bonds, series M 3½%, due 1972, is being offered today by a syndicate headed by the First Boston Corp. and Coffin & Burr, Inc. The issue, which was awarded to the syndicate on Nov. 30 on competitive bidding, is being offered to the public at a price of 107⅜ and accrued interest.

Affiliated with the First Boston Corp. and Coffin & Burr, Inc., in the offering are: Blyth & Co., Inc.; Kidder, Peabody & Co.; F. S. Moseley & Co.; Stone & Webster and Blodget, Inc.; Harris, Hall & Co. (Inc.); Tucker, Anthony & Co.; White, Weld & Co.; A. C. Allyn and Co., Inc.; Paine, Webber, Jackson & Curtis; Arthur Perry & Co., Inc.; Hornblower & Weeks; Whiting, Weeks & Stubbs, Inc.; Bodell & Co., Inc.; Putnam & Co.; Charles H. Gilman & Co., and Maine Securities Co.

The present financing by Central Maine Power Co. is pursuant to the plan whereby the assets of Cumberland County Power & Light Co. are being absorbed and liability assumed for that company's $9,275,000 first 3½s, 1966, and $1,494,000 first 4s, 1960.

Proceeds from the sale of the $12,500,000 3½s, as well as those from $5,000,000 10-year serial notes to be placed privately and 261,910 shares of $10 par common stock, will be used to retire the Cumberland County Power Co. debt, preferred stock and Central Maine's bank loans.

Attractive Possibilities In New Warren Securities

The new securities to be issued under the plan of reorganization of Warren Brothers Company offer interesting possibilities according to a comprehensive circular issued by Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, members of the New York Stock Exchange and other leading national exchanges. The circular contains a brief resume of exchange terms under the plan, an outline of the new capitalization, security, sinking fund, provisions for class "B" preferred stock, pro-forma interest coverage and earnings on preferred stock, current business, working capital, excess profits tax base and prospects for preferred dividend. Copies of the circular may be had upon request from Paine, Webber, Jackson & Curtis.

Florida Gas Tax Amendment Favorable To Road And Road District Issues

(Continued from page 1963)

The 2 cents gasoline tax pledge, which is the backbone of this amendment, will be set up by and with the State Board of Administration, to the credit of the several counties, and will be set up, using as guiding principles, those originally set forth by the 1931 Legislature in allocating former gas tax proceeds.

The State Legislature, when drafting the terms of this amendment, realized that in any such plan which contemplated a pledge of revenue for a long period of time, there should be flexibility, and this flexibility should be that which would prevent the accumulation of large surpluses pledged to one county, while other counties defaulted. Therefore, the State Board of Administration was given the power to invest accumulated surplus funds of one county into bonds of another county having depleted sinking funds. The only objection to the exercise of this power, as we see it, is that the credit of the county having surplus funds might be jeopardized by the use of its funds in a county with depleted funds and a default allowed to occur in the bonds of the county with surplus funds. However, it must be borne in mind that the scope of Florida's Road debt problem has been greatly broadened and what applies to the county with depleted funds can also apply to maturing bonds of a county whose funds have been over-invested to the extent of not leaving a cash balance available sufficient to meet maturing items. Further, should one of the several counties have obligations maturing and the State Board of Administration be without surplus funds, the State Board is empowered to issue Tax Anticipation Certificates, bearing interest at a rate not greater than 3% and maturing within the life of the amendment, the proceeds of which would be used to retire those maturing bonds mentioned above. These new certificates would be obligations of the State Board of Administration, payable exclusively out of the pledged and anticipated revenues which would accrue to the county in question, namely the county for whose relief the Board of Administration certificates are issued.

This amendment will go into effect Jan. 1, 1943, and will need no enabling legislation as it is self-executing.

Although it will be more than a month before it becomes operative, its effect is already widely felt through a general stabilization and strengthening of Florida Road and Road District bonds. Although the amendment pertains strictly to bonds of the above category, it will also do much to aid cities, school district and other taxing units because of the relief from ad valorem taxation which it will give. This will enable Florida's taxing units to give greater attention to their other debt problems, which problems seem much less acute in the light of this sound legislation.

This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities. The offering is made only by the Prospectus.

NEW ISSUE
December 3, 1942.

$12,500,000

Central Maine Power Company

First and General Mortgage Bonds

Series M 3½% due 1972

Dated September 1, 1942
Due September 1, 1972

Price 107⅜% and accrued interest

Copies of the Prospectus may be obtained from such of the undersigned as are registered dealers in securities in this State.

The First Boston Corporation
Coffin & Burr Incorporated
Blyth & Co., Inc.
Kidder, Peabody & Co.
F. S. Moseley & Co.
Stone & Webster and Blodget Incorporated
Harris, Hall & Company (Incorporated)
Tucker, Anthony & Co.
White, Weld & Co.
A. C. Allyn and Company Incorporated
Paine, Webber, Jackson & Curtis
Arthur Perry & Co. Incorporated
Hornblower & Weeks
Whiting, Weeks & Stubbs Incorporated
Bodell & Co., Inc.
Putnam & Co.
Charles H. Gilman & Co.
Maine Securities Company

SEC Rule Standardizes Brokers Filing Form

The Securities and Exchange Commission has adopted a new ruling, under the Securities and Exchange Act of 1934, requiring registered dealers and brokers to file a statement of their financial condition with the Commission annually.

The form to be used in filing these statements is the standard type of financial questionnaire, which is the outgrowth of several months' discussion between the SEC and committees appointed by the National Association of Securities Dealers, Inc., the Investment Bankers Association of America, the Association of Stock Exchange Firms, national securities exchanges, the American Institute of Accountants, the Commodity Exchange Administration, and certain independent accounts "expert in brokerage and investment house accounting," the Commission declared. It is expected that other regulatory bodies requiring financial reports from brokers and dealers and members of securities exchanges will also use the new report form.

"It has been estimated by representatives of the securities industry that the adoption by all regulatory bodies of a standard form of questionnaire would result in a savings of approximately $500,000 annually to brokers and dealers," the Commission said.

"The Commission's new rule is known as Rule X-17A-5. In general it requires brokers and dealers to submit reports of financial condition to the Commission at least once each year on the new form X-17A-5. It specifies certain cases under which the reports must be certified by an independent public accountant, and contains requirements with respect to the qualifications of accountants and the information to be contained in the accountant's certificate."

Although the rule becomes effective immediately, no reports need be filed before Jan. 1, 1943.

NSTA Service Flag

The following are members of the Connecticut Security Traders Association who are now serving in the armed forces. The Connecticut Association is an affiliate of the National Security Traders Association.

Richard Muller, U. S. Army, formerly with T. C. Corwin & Co., Hartford, Conn.

Raymond W. Smith, U. S. Navy, formerly with Chas. W. Scranton & Co., New Haven, Conn.

William Lally, U. S. Army, formerly with J. Arthur Warner & Co., Hartford, Conn.

William H. Rybeck, U. S. Army, formerly head of Wm. H. Rybeck & Co., Meriden, Conn.

Kelvin N. Sachs, U. S. Army, formerly with Turner, Sachs & Co., Hartford, Conn.

Bruce H. Beal, U. S. Army, formerly with Kennedy-Peterson, Inc., Hartford, Conn.

Bureaucracy Fatal To Freedom, Says Fulton

James A. Fulton, President of the Home Life Insurance Company, speaking at the Winter meeting of the National Association of Insurance Commissioners in the Hotel Pennsylvania, on Nov. 30, asserted that freedom could be destroyed as much by "unrestrained bureaucracy" as by military invasion and domination. The New York "Times" of Dec. 1 further reported Mr. Fulton as follows:

Mr. Fulton declared that, beginning with the first World War and continuing through the depression, "and tremendously accelerated in the present crisis," there had been a trend in which "the functions of government became too detached from the people being governed."

"I recognize the necessities of the present situation, but unless that trend is arrested and reversed when this war is over, the American way of life as we have known it will be a thing of the past. It will profit our armed forces little to win battles abroad if they come back to find the way of life they fought for destroyed at home.

"What has this to do with insurance? Simply this. Insurance is about the one great business that is regulated by bodies that are close to home. It is worth a good bit to be able to put on your hat and go down the street to talk over your joint problems with the insurance Commissioner of your own State. We know from experience that it does not work that way in Washington."

Revised Report Form For NYSE Houses

Member firms of the New York Stock Exchange were advised on Nov. 27 that a revised edition of Form 120 will be substituted on Dec. 7, for the present one. The revisions in the form involve (1) the addition, at the request of the Securities and Exchange Commission, of a new item, namely, the daily round-lot volume of purchases and sales of stocks on the Exchange for the margin accounts of non-member customers; and (2) the exclusion of an old item, namely, the number of shares sold in odd lots.

The revised Form 120 will be filed by only firms which clear or settle transactions, according to a letter sent out by John C. Korn, Acting Secretary of the Exchange. The letter continued:

"The reporting firms are requested to make suitable arrangements with their member correspondents, who carry customers' accounts, for the collection and prompt transmission to the reporting firms of the required transaction figures.

"The Securities and Exchange Commission will accept figures, provided by a tally sheet record, on the number of shares bought and sold on the Exchange for nonmember customers' margin accounts. Where this method is found expedient, such a tally sheet could be kept, for example, by margin clerks who would check-off, throughout the day, each round lot of 100 or of 10 shares bought or sold for the indicated margin accounts."

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Nov. 16 that the tenders for $500,000,000, or thereabouts, of 91-day Treasury bills, to be dated Nov. 18, 1942, and to mature on Feb. 17, 1943, which were offered on Nov. 13, were opened at the Federal Reserve banks on Nov. 16.

The details of this issue are as follows:

Total applied for----$1,157,405,000
Total accepted ----- 501,422,000

Range of accepted bids:

High—99.925. Equivalent rate of discount approximately 0.297% per annum.

Low—99.906. Equivalent rate of discount approximately 0.372% per annum.

Average price—99.906+. Equivalent rate of discount approximately 0.371% per annum.

(85% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Nov. 12 in amount of $350,655,000.

With respect to the previous issue of $500,000,000 of 91-day bills, dated Nov. 12 and maturing Feb. 10, 1943, the Treasury on Nov. 9 disclosed these results.

Total applied for---$1,013,151,000
Total accepted ------ 501,485,000

Range of accepted bids:

High—99.925. Equivalent rate of discount approximately 0.300% per annum.

Low—99.906. Equivalent rate of discount approximately 0.376% per annum.

Average Price—99.907. Equivalent rate of discount approximately 0.373% per annum.

(27% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Nov. 12 in amount of $350,655,000.

* * * *

Secretary of the Treasury Morgenthau announced on Nov. 30 that the tenders for $500,000,000, or thereabouts, of 91-day Treasury bills, to be dated Dec. 2 and to mature on March 3, 1943, which were offered on Nov. 27, were opened at the Federal Reserve Banks on Nov. 30.

The details of this issue are as follows:

Total applied for, $1,220,276,000.

Total accepted, $503,206,000.

Range of accepted bids:

High, 99.925, equal to a rate of discount approximately 0.297% per annum.

Low, 99.906, equal to a rate of discount approximately 0.372% per annum.

Average price, 99.907, equal to a rate of discount approximately 0.368% per annum.

Approximately 22% of the amount bid for at the low price was accepted.

The results of the previous issue of 91-day Treasury bills, dated Nov. 25 and maturing Feb. 24, 1943, sold on Nov. 23, were as follows:

Total applied for, $1,149,026,000.

Total accepted, $501,722,000.

Range of accepted bids:

High, 99.925, equivalent rate of discount approximately 0.297% per annum.

Low, 99.906, equivalent rate of discount approximately 0.372% per annum.

Average, 99.907, equivalent rate of discount approximately 0.370% per annum.

(55% of the amount bid for at the low price was accepted).

Larson In U. S. N.

Edward L. Larson, partner of De Young, Larson & Tornga, Grand Rapids, Michigan has been commissioned a Lieutenant (j.g.) in the U.S.N.R. and reported for duty on Dec. 1 for his indoctrination at Harvard University. Mr. Larson is a graduate of Manistee High School and Michigan State College, and has been connected with the investment banking field in Western Michigan since 1933. He has been a partner of De Young, Larson and Tornga since its inception in 1937 and has taken a leave of absence for the duration.

Treasury Drive For $9 Billion In December—Three New Issues In Record Financing

The Treasury Department launched on Nov. 30 its Victory Fund drive for the unprecedented sum of $9,000,000,000 in December to finance the war effort. The Treasury expects to raise this sum through the continuing sale of War Savings Bonds and Tax Savings Notes, and partly through offering of three new Treasury issues designed for every class and type of investor.

The three new issues, on which the Victory Fund Committees launched an intensive sales campaign on Nov. 30, and which, Secretary Morgenthau said, have as their principal aim—"enlisting accumulated savings and idle funds"—consist of 26-year 2½% Victory bonds, due Dec. 15, 1968, callable Dec. 15, 1963; 1¾% bonds due June 15, 1948, and ⅞% one-year certificates of indebtedness.

In announcing plans for this financing, Secretary Morgenthau said:

"All elements of the banking and securities business will conduct a vigorous campaign to assure the widest possible public purchases of all issues of these securities. In conjunction with weekly sales of discount bills, these arrangements will make approximately half the $9,000,000,000 of Treasury borrowing in December available from non-banking investors, while the other half will be made available by commercial banks. The widest possible public participation is essential in the interest of sound financing out of current income and savings.

"After completion of this borrowing the Treasury does not expect to do further major financing until February. For its new money needs in January the Treasury will rely upon further sales of Tax Savings Notes, Savings Bonds, and Treasury bills."

The Victory Fund Committees, made up of well organized and expanding groups of 44,000 volunteer workers, drawn largely from the securities, banking and insurance fields throughout the country, began soliciting on Nov. 30 subscriptions from individual investors, corporations, savings and commercial banks, insurance companies, institutions, trusts and estates.

Concurrently with the December drive, Secretary Morgenthau said, the 300,000 volunteers of the War Savings Staff in every community, intensified their efforts to add at least 7,000,000 more income-earners to the ranks of those already investing regularly in Series E War Savings Bonds through the payroll savings plan.

The following regarding the special offerings, being sold under the direction of the Victory Fund Committees, is from Secretary Morgenthau's announcement:

"1. Twenty-six-year 2½% bonds due Dec. 15, 1968, callable Dec. 15, 1963, to be issued in coupon or registered form at the option of the buyers. Commercial banks, which are defined for this purpose as banks accepting demand deposits, will not be permitted to hold these bonds until ten years after the date of issue. There will be no limit to the amount of this issue, and no restrictions upon issuance excepting the temporary exclusion of commercial banks from ownership for their own account. Subscription books will be opened Nov. 30, and will remain open several weeks. The bonds will be sold in denominations from $500 to $100,000.

"2. Two series intended for banks as well as other investors: (a) 1¾% bonds due June 15, 1948, and (b) ⅞% certificates of indebtedness due one year after issuance. These securities will be open for subscription by banks, and also by all other classes of investors, whether private, corporate or institutional.

"Sales to commercial banks will be limited to $2,000,000,000 or thereabouts of each series. Applications from commercial banks in amounts up to $100,000 will be allotted in full, and larger subscriptions on an equal percentage basis.

"All applications from others than commercial banks will be allotted in full. The total of these securities to be issued thus will be the $4,000,000,000 from commercial banks, plus the full amount subscribed by others.

"For all classes of subscribers other than commercial banks, subscription books will be opened Nov. 30 for both series, and will remain open for several weeks. For commercial banks subscription books will be opened Nov. 30 on the 1¾% bonds and will remain open until the close of business Dec. 2, while books will be opened Dec. 16 on the ⅞% certificates and will remain open until the close of business Dec. 18. In the case of such bank subscriptions, payment for the bonds must be made on Dec. 11, and for the certificates on Dec. 28.

"The 1¾% bonds will be issued in coupon or registered forms, at the option of the buyers. The ⅞% certificates will be issued in coupon form only. The bonds will be sold in denominations from $500 to $100,000, and the certificates from $1,000 to $100,000.

"The 2½% bonds, 1¾% bonds and ⅞% certificates of indebtedness will be dated Dec. 1, 1942, and will bear interest from that date. Accrued interest will be charged on all subscriptions for which payment at a Federal Reserve Bank or at an authorized depositary is received later than Dec. 1.

"Any bank or trust company qualified to hold War Loan deposits will be permitted to make payment by credit for securities subscribed for its own account or that of its customers up to any amount for which it shall be qualified in excess of existing deposits."

Chronicle 'Printers' Receive Award From Treasury Department

Herbert D. Seibert & Co., Inc., printers of "The Commercial & Financial Chronicle" and many other publications, received the "Bull's Eye" Certificate of Award from the Treasury Department.

The award was made to the employees of the above named firm for investing more than 10% of the gross payroll and 100% participation in United States War Bonds. This includes members of New York Typographical Union No. 6, New York Printing Pressmen's Union No. 51, copy-holders and miscellaneous help.

Over-the-Counter Securities

Wertheim & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have just issued an interesting circular outlining pertinent facts on several over-the-counter issues which the firm considers offer particularly attractive possibilities at the present time. Copies of this circular may be had from Wertheim & Co. upon request.

WAR BOND PAYROLL SAVINGS
ROLL OF HONOR
NEW 10% WAR BOND DRIVES
SWELL TREASURY HONOR ROLL

The eyes of all America are upon the United States Treasury Roll of Honor appearing in the "Payroll Savings News." For copy write War Savings Staff, Treasury Department, Washington, D. C.

HOW TO
"TOP THAT 10% BY NEW YEAR'S"

Out of the 13 labor-management conferences sponsored by the National Committee for Payroll Savings and conducted by the Treasury Department throughout the Nation has come this formula for reaching the 10% of gross payroll War Bond objective:

1. ***Decide to get 10%.*** It has been the Treasury experience wherever management and labor have gotten together and decided the job could be done, the job was done.
2. ***Get a committee of labor and management to work out details for solicitation.***
   a. They, in turn, will appoint captain-leaders or chairmen who will be responsible for actual solicitation of no more than 10 workers.
   b. A card should be prepared for each and every worker with his name on it.
   c. An estimate should be made of the possible amount each worker can set aside so that an "over-all" of 10% is achieved. Some may not be able to set aside 10%, others can save more.
3. ***Set aside a date to start the drive.***
4. ***There should be little or no time between the announcement of the drive and the drive itself.*** The drive should last not over 1 week.
5. The opening of the drive may be through a talk, a rally, or just a plain announcement in each department.
6. Schedule competition between departments; show progress charts daily.
7. Set as a goal the Treasury flag with a "T."

As of today, more than 20,000 firms of all sizes have reached the "Honor Roll" goal of at least 10% of the gross payroll in War Bonds. This is a glorious testimony to the voluntary American way of facing emergencies.

But there is still more to be done. By January 1st, 1943, the Treasury hopes to raise participation from the present total of around 20,000,000 employees investing an average of 8% of earnings to over 30,000,000 investing an average of at least 10% of earnings in War Bonds.

You are urged to set your own sights accordingly and to do all in your power to start the new year on the Roll of Honor, to give War Bonds for bonuses, and to purchase up to the limit, both personally and as a company, of Series F and G Bonds. (Remember that the new limitation of purchases of F and G Bonds in any one calendar year has been increased from $50,000 to $100,000.)

TIME IS SHORT. Our country is counting on you to—

"TOP THAT 10% BY NEW YEAR'S"

EVERYBODY EVERY PAYDAY AT LEAST 10%

Save with
War Savings Bonds

The Securities Salesman's Corner

SOME THINGS A BOND SALESMAN THINKS ABOUT AT THIS SEASON OF THE YEAR

Can it be that Pearl Harbor happened almost a year ago. Where did the days go? Must order those Christmas cards again. Wish some one would give me an idea of a different sort of Christmas remembrance for a change. Something I could send to everyone that wouldn't cost too much—yet novel and practical. Remember those years when the cost was no object? Wonder what happened to that fellow who sold me that case of supposed genuine imported Scotch back in Christmas, 1929, that finally went down the drain . . . lucky . . . that would have been a way to ruin a clientele.

Raining again . . . getting colder, too . . . gas rationing. Market is indecisive . . . what is going to happen to the rails . . . are they over their peak . . . wish some one would give me a good situation I could "get hot" about. Seems as if some of the Congressmen are regaining their courage . . . telling the bureaucrats off . . . funny how everything works in cycles . . . just like the market, or styles, or fads . . . one extreme to the other . . . up and then down. This seems to be the biggest lesson of all . . . life teaches you more than all the fancy talkers . . . you learn about these things in this business. The laws of economics and of human nature keep on working . . . funny how you gradually get the longer view . . . things will swing back again . . . the war will be over . . . maybe someday it will no longer be dishonorable and unpatriotic to make money again . . . Wall Street will rise in public esteem . . . feel more certain of it this year than for a long time.

Old fashioned Christmas parties in Wall Street . . . bonuses, smiles . . . eggnog and fruit cake in New Orleans and you used to walk from one party to another . . . under your own power—until . . . that girl you used to know and didn't marry . . . what a big shot you thought you were with those 1929 commission checks . . . how little you knew . . . how little your customers knew . . . how all-fired greedy most of them were . . . the fellow with the margin account who said he'd be satisfied when he made a hundred thousand . . . his wife told him stories she heard at bridge games about big profits . . . he believed them . . . you didn't . . . "Button Up Your Overcoat" . . . Shubert Theatres at 84 . . . Majestic Radio . . . National City 500 . . . the wires . . . the tips . . . the deals . . . Mellon said, "Buy Governments."

Better get to work . . . make some calls . . . everyone is better off working than sitting around . . . even bond salesmen. Stop on the way home . . . check prices on a phonograph for the kid's birthday . . . wonder about those price ceilings . . . fellow told me he paid $20 for two electric heaters . . . thought he was overcharged so he called the OPA. He was . . . they were only worth about $3 apiece . . . he asked the OPA what he should do about it . . . they told him he should bring suit against the gypper who overcharged him . . . then he would have to subpoena the OPA and they would bring the price ceiling figures into court . . . he didn't have any other recourse . . . so that's how bureaucracy works . . . and some believe that governmental control of our economic life will work . . . how would the SEC describe this sort of a deal . . . unconscionable profit?????

There goes the telephone . . . must be the wife telling me to get the milk and bread on the way home . . . well, cross the fingers anyway . . . maybe it's a customer . . . hello!! . . . it's the wife . . . and she wants the break and milk . . . thankful we can still get it . . . it's different "over there" . . . so long till next week.

Bank & Insurance Stocks

(Continued from page 1966)

banking laws, rediscount privileges are sufficiently broad to eliminate the necessity for competitive selling of bank investments at any time. Thus there is little likelihood of a cumulative deflation of banking credit such as took place from 1929 to 1933.

There has also been a growing tendency, on the part of supervisory agencies in recent years, to differentiate between what are termed fluctuating assets and non-fluctuating assets. Some querulous quibbler may take issue with the idea of a "non-fluctuating asset but the intent of the distinction is clear enough — and eminently sound in principle. Obviously, there is a vast difference between a Government Bond and a fourth-grade railroad bond just as there is little in common, qualitatively speaking, between a V-loan and the IOU of a shoe-string real estate operator.

The general trend of banking assets is now very definitely in the direction of public credit and away from private credit. Accompanying the large increases in Government Bond holdings and V-loans is a sharp contraction in "Other Securities," instalment credits, real estate loans and general commercial borrowings. Thus the banking assets of the nation are rapidly being converted, to a large extent, from a heterogeneous collection of individual obligations to a single claim on all the assets of all the people. Conditions being what they are, who can say that this may not work out for the best?

In this connection, the following remarks which appeared recently in the editorial columns of "The Wall Street Journal," seem to sum this matter up very quotably:

"Banking capital and surplus under normal conditions are in the nature of an insurance fund designed primarily to protect the security of deposits against losses incurred by the bank in its loans and investments. They also help to constitute the reserves whose primary purpose is to protect the liquidity of deposits. Inasmuch as government obligations now constitute the main body of banking investments and are devoid of risk to the bank, the need for capital and surplus relative to deposits is correspondingly diminished. Also the existence of the Federal Deposit Insurance Corporation lessens the importance of capital and surplus from the point of view of liquidity.

"This philosophy, however, is predicated upon the existence of a condition which is quite abnormal from a strictly banking viewpoint. That condition is a fact and in the light of that fact the philosophy is, doubtless, sound. How long the fact will continue to be a fact we do not know. We do know that government obligations must continue to be taken by banks in large volume so long as the war lasts. So long as the war lasts normal commercial banking processes must play a subordinate part in the whole banking operation. When they will again take the front of the stage is beyond the wit of man to determine. When that time comes the question of the capital-and-surplus-deposits ratio may come up again, but, for the present, it is to be shelved.

"That in the large sense government obligations are 'riskless' from a banking point of view is of course true, where they can be held to maturity with proper amortization of premiums paid. The Treasury policy with respect to its borrowing from banks is that they should confine their purchases to bonds with a maximum maturity of 10 years, and that a maximum rate of 2% interest will be offered on such loans."

Our Reporter's Report

(Continued from first page)

Fifteen teams swept into the field in competition with each other to place the nation's new war bonds and other securities offered by the Treasury, and there was every indication that the selling campaign would be a substantial success.

Presumably taking cognizance of at least one recent venture, the Treasury this time keyed its offerings in a manner to appeal to all sources of funds available for investment. Bonds, notes and certificates provide a wide choice of selection.

Pushing Toward the Goal

Insurance companies and corporations alike are showing full urge to get aboard the war financing bandwagon and with a minimum of delay.

Four of the so-called "Big Five" insurance companies alone entered subscriptions for a total of $680,000,000 of the new 2½% Victory Bonds, against purchases of $455,000,000 in August and $460,000,000 in May for the account of the same group.

Meanwhile, the Public Service Corporation of New Jersey placed its subscription for a block of $5,000,000 of the new issue, being one of the first corporations to announce action.

November Calls Small

Calling of bonds for repayment in advance of maturity dropped off to approximately $56,000,000 last month, the lowest in about nine years, and contrasting with $168,000,000 a year ago.

This brings to approximately $900,000,000 the total of debt redeemed by corporate issuers before maturity thus far this year, only about a third of the total so retired in the same period of the preceding year.

However, the trend in that direction should be spurred by the provision in the New Revenue Act allowing a 10% refund on excess profits through the medium of debt retirement.

Passage of the new Tax Bill came too late to permit exercise of the call on issues on which the privilege had expired, that is so far as action this year is concerned.

Empire Gas & Fuel Exchange

News of the extension to Dec. 15 of the time in which holders of Empire Gas & Fuel Corporation preferred stocks for 3½% sinking fund debentures aroused no end of interest in the progress of that exchange which has been under way for weeks.

Bankers sponsoring the exchange reported that only the loose ends now remained to be gathered in, embracing such people as those who had lost their certificates, or died, or lost track of their investments.

But that the campaign has been a real success was indicated by reliable estimates placing stock turned in around 123,000 shares out of the 127,000 shares involved.

Kansas City P.S. Attractive; The Future Of Tractions

The prospects and possibilities offered by Kansas City Public Service Company 5% preferred are most attractive according to a circular prepared by Kneeland & Co., Inc., Board of Trade Building, Chicago, which states that earnings for this security should exceed $8 per share; unlike many tractions and rails, reorganization of the company has been completed; the company serves a defense production center; management is under RFC supervision; small funded debt; modernization of equipment started years ago; excellent labor relationship (employees participate in net income); large monthly retirement of RFC loans; ratio of earnings versus market price; income taxes, which should be very little if any in 1942 because of prior losses.

Copies of this interesting circular, which is available to dealers only, may be had upon request from Kneeland & Co., together with a reprint of an article on tractions, which appeared in the "Chicago Sun," discussing the war and post-war problems of traction companies.

INSURED
INVESTMENT
CERTIFICATES
•
FIRST FEDERAL SAVINGS
AND LOAN ASSOCIATION
OF ATLANTA, GEORGIA

A Safe Haven For Investment Funds

Individual investors, trustees and other* fiduciaries interested in becoming acquainted with the Federally insured investment opportunities offered by savings and loan associations should write for current explanatory literature to the associations mentioned below. When doing so please mention the "Chronicle."

- **American Savings & Loan Association**
  17 East First South Street, Salt Lake City, Utah
- **Berkeley Guarantee Building & Loan Association**
  2101 Shattuck Avenue, Berkeley, Calif.
- **Chicago Federal Savings and Loan Association**
  211 South La Salle Street, Chicago, Ill.
- **Danielson Federal Savings and Loan Association**
  84 Main Street, Danielson, Conn.—Write for free booklet and information.
- **First Federal Savings & Loan Association of Atlanta**
  46 Pryor Street, N. E., Atlanta, Ga.
- **First Federal Savings and Loan Association**
  9501 Santa Monica Blvd., Beverly Hills, Calif.
- **First Federal Savings and Loan Association**
  39 Broad Street, Charleston, S. C.
- **First Federal Savings & Loan Association**
  124 Market St., Durham, N. C.
- **First Federal Savings and Loan Association**
  6763 Hollywood Blvd., Hollywood, Calif.
- **First Federal Savings and Loan Association of St. Paul**
  350 Cedar Street, St. Paul, Minn.
- **Fletcher Avenue Savings and Loan Association**
  150 East Market Street, Indianapolis, Ind.
- **Franklin Federal Savings and Loan Association**
  616 East Franklin Street, Richmond, Va.
- **Hinsdale Federal Savings and Loan Association**
  8 East Hinsdale Avenue, Hinsdale, Ill.
- **Mutual Building and Loan Association of Pasadena**
  38 South Los Robles Avenue, Pasadena, Calif.—Write for free booklet, "Profits and Prophecy."
- **Northwestern Federal Savings and Loan Association of Minneapolis**
  823 Marquette Avenue, Minneapolis, Minn.
- **Oak Park Federal Savings and Loan Association**
  104 North Marion Street, Oak Park, Ill.—Write for free booklet.
- **Perpetual Building Association**
  500 11th Street, N. W., Washington, D. C.
- **Piedmont Federal Savings and Loan Association**
  16 West Third Street, Winston-Salem, N. C.
- **Prospect Federal Savings and Loan Association of Chicago**
  1707 West 47th Street, Chicago, Ill.
- **Reliance Federal Savings and Loan Association**
  1904 West Cermak Road, Chicago, Ill.
- **Quaker City Federal Savings and Loan Association**
  1427 Walnut Street, Philadelphia, Pa. — Write for free informative booklet.
- **St. Paul Federal Savings and Loan Association of Chicago**
  2116 West Cermak Road, Chicago, Ill.
- **San Francisco Federal Savings and Loan Association**
  705 Market Street, San Francisco, Calif.
- **Second Federal Savings and Loan Association of Chicago**
  3960 West 26th Street, Chicago, Ill.
- **Standard Federal Savings and Loan Association**
  735 South Olive Street, Los Angeles, Calif.
- **Twin City Federal Savings and Loan Association**
  801 Marquette Ave., Minneapolis, Minn.
- **Union Federal Savings & Loan Association**
  Market and Delaware Streets, Indianapolis, Ind.
- **Washington Permanent Building Association**
  629 F Street, N. W., Washington, D. C.
- **Wilshire Federal Savings and Loan Association**
  461 South Western Avenue, Los Angeles, Calif.

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*Guardians, insurance companies, State, school and municipal sinking funds, firemen's, police and other pension funds, etc.

HOW DID WE GET THIS WAY?

(Continued from first page)

is dictatorship by another name. The idea seems to be indigenous to the "class-conscious wearers of spats" who call themselves liberals. The dogmatism of a minuscular mind is beyond understanding.

The steps by which mankind advanced from barbarism to civilization; from want to plenty; are not difficult to understand. Until they are understood and appreciated by masses of men who aspire to equality and self-government, with ignorance and envy the matrix of their aspirations, civilization rests upon an inverted pyramid and a cataclysm is inevitable.

In a state of barbarism, men were scattered in small numbers over large expanses of territory. They lived from hand-to-mouth, starving or feasting as the hunt succeeded or failed. Each man supplied his own needs directly; made his own weapons; killed his own game; unable to provide for tomorrow because of his inability to store up a portion of his labor, which is but another way of saying to acquire wealth. Even under these conditions, the standard of living varied with the capacity of the individual, although originally the human species can have presented very few deviations from the norm of intelligence. No one knows how genius received its initial momentum. It is not even latent in most of us.

Man's first upward step came with the acquisition of skill, which did not come to all in equal quantity or quality. It came as the result of some inborn element; some expression of the composition of the protoplasm of the cell; plus perseverance, toil and sacrifice. One man "had what it takes" and others did not and that is all there is to it. The law of the prosperity of the fittest is not a man-made law and it cannot be abrogated by man. It is a primary law of existence, against which the statute of limitations does not run. To assume otherwise is to place dream and chimera on the same plane as factual evidence; to deny the potency of facts. Any attempt to create a society which ignores this law will be wrecked on the rocks of reality. No other conclusion is possible from any rational appraisal of human potentialities.

Following increased skill and the improved implements which resulted, came the next step forward; a step which more fully enabled all men to participate in the results of the superior genius of the few. This was the development of the division of labor. Instead of each man producing his own requirements, gradually one man began to create one type of article, or perform a function, and his neighbor another type. Their efforts were guided by their natural ability to do some one thing better than some other thing. Their success was measured by their determination to improve their capacity.

Then, as now, and as it always will be; the articles which required the least aptitude; the least training; which could be produced by the greatest number of men with the least overall effort, provided the least reward. The greater the quantity in proportion to the demand, the less the value, is a law which applies to the attributes of men and which cannot be repealed by popular assemblies. It is inherent in the intricate web of motivation which lies at the base of all human actions. To maintain otherwise is to totally misread history, to misconceive man and to misunderstand the genetics of progress.

The division of labor finds its closest approach to perfection in a capitalistic economy. Here labor of all grades is combined with capital of all types—accumulated labor—to permit the production of the things men need. Symbiosis, mutual interdependence, and not parasitism is the characteristic of capitalism. Economic power is the ability to extract from nature the products men desire. There is no inherent conflict of economic interests, only a rivalry of abilities.

In the inability to understand this lies the fatal defects in the morbid and macabre teachings of Marx, Engel, Lenin and Trotsky; in the inane and inaccurate preachings of the neurotics, Jean-Jacques Rousseau and Leo Tolstoy; in the maudlin and maculate mouthings of the paranoiacs, Proudhon, Barbeuf, Bakunin and Sorel; in the rantings and ravings of the inebriate, Jack London, and in the intellectual mire of other innominate social pariahs and excretions.

The psittacine disciples of these and other "limited lovers of mankind" are still crusading against the divine right of kings while, with a purblind fanaticism which reveals the weakness of their case, they advance the demonstrably absurd theory of the divine right of the proletariat, the declasse and the motley misfits who compose the dregs of every culture.

What they advocate is the elevation of the social residuum or dross; the creation of a Utopia through a regnant proletariat which is supposed to qualify for its destiny through some sort of a cabalistic, social osmosis.

These people are not iconoclasts as they label themselves but political necromancers; manufacturers of superstitions on a quantity basis; superstitions whose decalogue commands the extinction of truth. They are masters-of-ceremony at a fandango of foolishness—tirelessly vocal—dribbling with assinities. Their antics resemble those of a blind man in a dark room, frenetic by reason of his own futility, trying to catch a black cat which is not there.

Communists assume that a man has a right to destroy that which he cannot produce, understand, or enjoy so that no other man may have more and thus be reduced to equality. Drab people are never happy until they have made everyone else drab. Shakespeare understood their psychology when his gardener said to his assistants:

> "Go thou and like an executioner,
> Cut off the heads of too fast growing sprays,
> That look too lofty in our commonwealth;
> All must be even in our government."

There is nothing more absurd than the rigid and stylized contentions of Laski that "communism wins its way by its idealism, its spiritual promise and not its materialistic prospects."

Holds Peak In Prime Corporate Bond Prices Has Now Been Reached

(Continued from page 1964)

the psychology of fear which has for ten years determined investment policy, is by no means at an end, and while it will subside very slowly, nevertheless for the first time in a decade it is possible to foresee its future termination. We believe this is a most fundamental influence on money rates. We believe that if the psychology of fear does, in effect, diminish progressively, the result will be a long-term downtrend in high-grade long-term corporate bond prices.

"All of the above, of course, falls into the category of long-range speculation. For the duration of the war we feel quite certain that the government has more than ample powers to maintain high prices, especially for its own bonds. We further believe that it will use these powers to this end. We see no reason to expect any early change in the present level of bond prices.

"Furthermore, looking ahead towards the post-war situation, we believe that the banking system will be so heavily involved in government securities that at that time any government in power must and will take strong measures to protect institutional investors against depreciation in their government bond portfolios. Thus we can see, in these present arguments, no valid reason to avoid U. S. Government bonds, which, in fact, must be bought by financial institutions as an indispensable means towards winning the war. On the contrary, we can principally foresee in these arguments additional reasons why government bonds, both near-term and long-term, are distinctly more attractive than any other category of high-grade bonds.

"Thus the government's post-war obligation to protect institutions from any losses on its own bonds need not extend to other types of long-term high-grade bonds such as corporate bonds and municipal bonds. It is probable, therefore, that at some such future period a wide difference in yield will develop, with prime corporates and other non-government obligations selling at a heavy discount below governments of similar maturity.

"To sum up, the foundation upon which we have maintained for years our confidence in long-term bond prices has now been partially undermined. There is a prospect that such deterioration will continue. It should not affect government bonds because it must be a matter of national policy to protect such holdings and to maintain low rates to finance and refinance the Federal deficit. This protection, however, need not be extended to other classes of high-grade bonds.

"From the above, we would suggest long-range policies as follows: (a) A reduction of maturities from very long to medium, i. e., 4 to 8 years; the cost of a change from 20-year maturity to 8-year maturity is today less than half the cost in 1940. (b) A transfer of funds into U. S. Government securities from all other departments of the high-grade bond market.

"As to those departments of the bond market other than the high-grade department, we see no reason to change previous policies, as follows:

"(a) We continue to believe that near-high-grade corporates—that is to say, those which command premium prices and are generally considered 'good' but not 'prime'—should be avoided by all classes of investors. This is the department of the bond market which can be relied upon to create the most future trouble. In times of stress these items do not hold up and many of them lose their investment rating permanently. Nevertheless, they are usually bought at 'near-high-grade' prices and therefore there are no offsetting profits or large income to compensate for a sure percentage of casualties.

"(b) Prior to 1938 we maintained a fixed policy of selling all outright second-grade rails. In the spring of 1938 we reversed this policy and suggested that the price structure was too low for liquidation and that while such bonds should be treated selectively, sweeping liquidation programs were not advisable. We considered that at the then prevailing prices, the probable income to be received offered good compensation for the risk of postponing liquidation, and that in many cases substantially higher liquidating values would, in the long run, be obtainable. We continue to hold this opinion of the second-grade railroad bond market in general and believe that regardless of peace or war many second-grade rails continue substantially underpriced and reward the holder adequately through large income for the continued risk of postponed liquidation. We suggest that all emphasis should be put on selectivity between the individual issues.

"(c) An exceedingly small percentage of our customers can legally or prudently buy second-grade rails, and so we have never felt called upon to adopt a definite investment policy on this question. In general, however. where risk investments are legal and prudent, as in the case of various funds and estates which customarily hold common stocks, we believe that excellent values are still obtainable in the second-grade rail market in highly selected senior borderline and senior bankrupt bonds which should prove sound irrespective of the prospect for a long or a short war. * * * We are much impressed by elements of fundamental long-term strength in the railroad picture, quite apart from temporary wartime prosperity. We believe that, while many poorly secured second-grade rails are dependent for their present price structure on flush war earnings, most of the senior second-grade rails are selling at prices which discount no element of special prosperity, and purchasers are thus well fortified against future adversity."

Eberstadt Appointed To New Post With WPB

The War Production Board was recently reorganized by Chairman Donald M. Nelson in order to concentrate all responsibility for the allocation of materials and their actual distribution under Ferdinand Eberstadt, who was given the title of program Vice-Chairman.

The change placed Ernest Kanzler, Director-General for Operations, directly under Mr. Eberstadt in the WPB high command.

Simultaneously, Chairman Nelson created labor advisory committees, to be made up of labor spokesmen from every industry, to advise each of WPB's 36 industry branches.

This move, said the Associated Press, was accompanied by the elevation of the industry branches to the status of industry divisions, with enlarged powers of estimating the materials needed by each industry and controlling the allotment of materials. It is added:

"The WPB Requirements Committee which divides the country's materials among various needs will have 36 small counterparts, one assigned to each industry division. Each of these 'sub-requirements committees' will have a spokesman from each of the seven 'claimant agencies,' which seek supplies — Army, Navy, Maritime Commission, Lend-Lease Administration Board of Economic Warfare, Aircraft Scheduling Unit and the WPB Office of Civilian Supply."

Banks Urged To Carry Share In War Finance

While lauding the banks for their part in financing the war program, Allan Sproul, President of the Federal Reserve Bank of New York, urged on Nov. 20 that the banking institutions appraise their positions in terms of current events rather than past practices in order to see whether they are assuming "their share of the load."

Speaking before the mid-year trust and banking conference of the New Jersey Bankers' Association, held at the N. Y. Reserve Bank Auditorium, Mr. Sproul said the banks had a two-fold responsibility in war financing, helping the Victory Fund Committees sell Government bonds to others and being sure that they were doing their share in buying governments for their own account. In the New York "Times," Mr. Sproul was quoted as saying that the "gigantic financing program announced by the Treasury for December will call for a maximum effort." The same advices stated:

"Under the leadership of the Victory Fund Committee of the New York Federal Reserve District, he said, every effort will be made to sell as many securities outside the banking system as possible. But, he added, it will also be the duty of the Committee to see to it that banking support of the program is evenly distributed. Every bank, he added, must assume its share of the burden by buying substantial amounts for its own account."

UP-TOWN AFTER 3

PLAYS

"The Pirate," Alfred Lunt and Lynn Fontanne in a new play by S. N. Behrman. Presented by the Playwrights Co. and the Theatre Guild at the Martin Beck Theatre, N. Y. Cast includes Alan Reed, Estelle Winwood, Clarence Derwent, James O'Neill and others. Staged by Alfred Lunt and John C. Wilson. Sets by Lemuel Ayres.

The Lunts have a field day in one of the extravaganzas of the season. It can't be rightly called a play. It's part vaudeville, part comic opera and the rest a burlesque of a high order. Alfred Lunt pulls rabbits out of hats, juggles things and even hoofs a bit. He meets and falls madly in love with the Senora Manuela, a perfectly respectable married lady whose only departures from the path of virtue have been mental ones. Lynn Fontanne, as the lady in the case, the beautiful Manuela, managing to look younger than ever, meets his advances, archly, haughtily and mockingly. Through it all the music pokes fun and the high-flown verbal passages delivered in round swashbuckling language of a Dumas character with touches of Damon Runyon keep the story on a light amusing level. Plot concerns itself with a strolling player in 19th Century Santo Domingo who meets a lady of station. She, bored with her marriage to a fat, middle-aged bore, tries to overcome it by reading tales of derringdo. Her hero of the moment is a pirate, Estramondo. The ragtag player, to excite her interest, boasts of being the pirate. Her husband notifies the authorities and the boastful suitor is arrested. Of course his arrest is short for it turns out that the lady's husband is the famous Estramondo. The production is magnificent. The costumes and the settings are brilliant. Yet, if "The Pirate" didn't have the Lunts to carry it, it would just be another one of those things.

"The Great Big Doorstep," Dorothy Gish and Louis Calhern in a new comedy by Frances Goodrich and Albert Hackett. Presented by Herman Shumlin at the Morosco Theatre, N. Y.

Here is a light, unpretentious comedy which is a delight throughout. A sort of "Tobacco Road" with shoes on, it tells of a lazy man, a ditch digger, who prefers to call himself a Drainage Expert; his wife, a bedraggled slattern with a double-edged tongue, and their flock of children, all live together in a ramshackle hut on the Mississippi. The river has thrown up an ornate doorstep which the family put in front of their home. From then on it's a problem of getting a house to fit the elegance of the doorstep. A house nearby is to be foreclosed and all the family needs is $60 to get it. The problem is to get the $60. A mooning swain of the youngest daughter promises the money but meets with an accident. A brother offers his check, which bounces. How the sum is finally gotten is the crux of the story. Louis Calhern, as the lazy, shiftless husband, is first rate. Dorothy Gish, as his wife who fears the family is breaking up, is excellent. The rest of the cast turn in equally good performances.

"Yankee Point," Edna Best and John Cromwell in a play by Gladys Hurbut. Presented by Edward Choate and Marie Louise Elkins at the Longacre Theatre, N. Y. With Elizabeth Patterson, Dorothy Gilchrist, James Todd, Arthur Aylsworth and others. Staged by John Cromwell.

Last summer the Nazis landed a group of saboteurs on our Eastern coastline. The play deals with a family living on a mythical "Yankee Point" who discover and capture one of these Nazis. The first two acts are well played and seem credible. The family, representative of any middle-class American family, lives on Long Island. The mother is an air spotter. The father, a school teacher who fought in the last war, has been offered a non-combatant commission, and called up for this war. One of the daughters is all mixed up trying to recall her father's pacifist ideas and unable to reconcile herself to the change. Another daughter is engaged to an Army flier. And a crochety housekeeper, who has been with the family for generations, is a hypochondriac. Such is the family, when on the eve of the father's departure, a German Army coat is found buried on the beach. From then it's a hunt for the spies mixed in with conversation about life in case the coast is invaded. Well, the invasion occurs. There is a lot of fireworks set off. Searchlights comb the sky, but finally the invaders are fought off. The last act is given over to pure and adulterated melodramatics and seem to have been tacked on as an afterthought.

MOVIES

"You Were Never Lovlier" (Columbia) co-starring Fred Astaire and Rita Hayworth with Adolph Menjou and Xavier Cugat and his orchestra. A pompous South American hotel magnate refuses to hire Astaire. He does later. Astaire gets mixed up with hotel owner's daughter, Rita Hayworth. First they love each other, then they don't, and finally they do again. One dance Astaire does is tops. The rest you have seen before.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of Richard H. Moeller, partner in R. Swinnerton & Co., which will continue as a member firm, to J. C. Herbert Bryant will be considered on Dec. 10. It is understood that Mr. Bryant will act as an individual floor broker.

Transfer of the Exchange membership of James T. Hamill to William A .Atkins will be considered on Dec. 10.

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Tomorrow's Markets Walter Whyte Says—

Market hints near term rally. Peace and tax talk superficial and not sufficient cause for present bearishness. Two new stocks recommended.

By WALTER WHYTE

Last summer there was common talk how the market couldn't "logically" go up as long as the war was going against us. The market, we were told, was waiting for victories to feed on and no strength would be seen until we got them. So, to show its contempt for public belief, the market, then around 100 (Dow), started up anyway. Then when a trend seemed established, with the averages advancing to about 117, the pendulum of popular opinion swung to the other extreme. "It couldn't go down because . . . ." and then you had your pick of a lot of choice reasons. All you had to do was to pick the one you liked best.

Well, the market did go down. And not only did it disregard all the carefully worked out "reasons" but also paid just as little attention to the war news which began to report victories instead of ". . . . retiring to previously fortified positions."

* * *

The rank and file mystified by the whole thing, began casting around for new reasons. It finally hit on two.

The first was the possibility of an early peace. The second was tax selling. To justify the first reason the so-called war stocks began to go down, while the stocks of companies associated with peace time business started going up.

* * *

Now I don't know if the war will end tomorrow, next month, next year or 10 years from today. I doubt if anybody else does. Lloyd George, British Prime Minister during World War I, admits that he didn't know about conditions inside Germany which would lead him or his Cabinet to believe the end of the war was in sight until the Germans actually asked for an armistice. Yet somehow the belief has taken hold that our successful invasion of the North African Coast marks off the end of the war.

* * *

But, assuming for the sake of argument, that the premise is correct, I fail to see in it a bearish argument. On the contrary if the war should end tonight I believe the market would go up so fast it would leave most of us dizzy.

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Of the second reason, taxes, there is this to say. Every year at this time tax selling appears. But as usual its effect is overrated. Not that taxes and getting the funds together to pay them doesn't affect the market, but to say tax selling, whether for that reason or for establishing a tax loss, is largely responsible for current dullness and declining tendencies is oversimplifying the causes.

The fact is that despite actual inflation, prevailing governmental regulations make investment not only for profit but as inflation hedges as well, far from the simple thing it once used to be.

* * *

No one, for example, knows how new government plans or decrees will affect his business. And to put cash into another man's business (securities) when faced with so many uncertainties in one's own business is just too much to ask of human nature.

You've already read something of the British Beveridge plan. Don't be surprised if a similar plan is suggested here by Roosevelt. It isn't simply a question of whether the plan (involving an annual expenditure of $2,000,000,000) will help bring about this "world of tomorrow" we read so much about today. But it certainly will have a disturbing effect on markets. The financial mirror, the stock market, reflecting all these conditions, acts accordingly.

* * *

Yet, if Washington plans are disturbing, these fears apply only to conservative investors. The agile trader need not concern himself with long term trends or the possible effect on them of political or economic changes. He can dash in and out of stocks long before these conditions take hold, if they ever do. Of course the conservative investor, a devotee of safety and interest, has his job cut out for him. But to get back to the trader, with whom the column is primarily concerned, and the market of the near term future rather than a market six months or a year from today.

It is admitted that the current market is in disfavor. It therefore is the time to look around and see what stocks are a buy. This doesn't mean stocks are a buy because they're lower today than they were last week or last month. A cheap stock may be a lot cheaper tomorrow. Yet, with the overall market picture being what it is, the pessimistic outlook which seems to have gained new followers is not, in the opinion of this column, warranted.

* * *

A few weeks ago when everybody was wildly bullish you were told to either sell half your lines, put close stops on the remainder, or sell the complete line. Well, you know what happened since. The only two stocks you now hold are Air Reduction at 30 with a stop at 35, and International Harvester at 43 with a stop at 49.

With the averages hovering between 113 and 114 I think the market is beginning to make a new base. So I suggest buying two more stocks at specific prices. These are: Goodyear 22 to 22½ with a stop at 21. And Superheater 12½ to 13½ with a stop at 11. I don't think you'll get both of these right away. But I don't believe the market will run away either.

* * *

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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OFFERINGS

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Registration Statement No. 2-5024. Form A-2. (6-29-42)

Central Maine Power Co. filed an amendment to its registration statement on Nov. 12 which made the amount of the proposed offering of first and general mortgage bonds $12,500,000 and fixed the interest rate at 3½%. The amended application also covered 261,910 shares of $10 par common stock, same as original statement. Offering price of bonds to the public and list of underwriters will be supplied by post-effective amendment. Redemption provisions of the new bonds also will be supplied by amendment. Company also proposes to issue and sell privately $5,000,000 face amount of its 10-year serial notes maturing serially $500,000 each year from 1943 to 1952. Interest rate on notes has not yet been announced

Declarations to Become Effective—The SEC on Nov. 5, 1942, issued an order granting the applications and permitting to become effective declarations filed by Central Maine Power Co., Cumberland County Power & Light Co., New England Industries, Inc., and New England Public Service Co. pursuant to sections 6, 7, 10 and 12 of the Public Utility Holding Company Act of 1935 regarding transactions, summarized as follows:

Central Maine and Cumberland (both subsidiaries of Nepsco) propose to enter into an agreement of merger by which Central Maine will acquire all the assets and assume all of the liabilities of Cumberland and by which Central Maine will continue as the surviving corporation. Cumberland will dispose of all of its assets to Central Maine and will be merged into Central Maine.

It is proposed that Central Maine: (1) change and increase its authorized common stock from 150,000 shares (no par) into 1,500,000 shares of common stock ($10 par) of which 642,500 shares will be outstanding in the hands of the holders of the presently outstanding 140,000 shares of common stock, and change the voting power of the common stock so that each share of such common stock ($10 par) will have one-fifth of a vote; (2) issue and sell for cash $12,500,000 first and general mortgage bonds of a new series, to be designated Series M; (3) issue and sell for cash $5,000,000 in principal amount of 10-year serial notes; (4) issue a presently undeterminable amount of $50 preferred stock, 5% dividend series, of which series 20,000 shares are presently outstanding

It is further proposed that Central Maine: (1) assume the liability upon $9,275,000 first mortgage bonds, 3½% due 1966 and $1,494,000 of first mortgage bonds, 4% due 1960 of Cumberland, and redeem and retire said bonds at 105¼% and 105%, respectively; (2) redeem and retire all outstanding shares of preferred stock of Cumberland at their respective redemption prices, subject, however, to an offer of exchange to be made to the holders thereof under which such holders may elect to receive two shares of $50 preferred stock, 5% dividend series, plus two shares of common stock ($10 par) of Central Maine for each share of 6% preferred stock of Cumberland, or two shares of $50 preferred stock, 5% dividend series, plus one share of common stock ($10 par) of Central Maine for each share of 5½% preferred stock of Cumberland. It is further proposed that Central Maine redeem or otherwise retire its presently outstanding 7% preferred stock in direct ratio to the par value of its $50 preferred stock, 5% dividend series, issued in such exchange of Cumberland preferred stock

It is further proposed: (1) that Central Maine issue and sell for cash 261,910 shares of common stock ($10 par) at $10 per share, and that Nepsco purchase such shares (less any shares taken by holders of common stock and 6% Preferred stock of Central Maine upon the exercise of their respective preemptive rights); (2) that Nepsco tender for conversion its present holdings of 54,699 shares of common stock of Cumberland and 638 shares of 6% preferred stock of Central Maine and receive therefor 404,575 shares and 6,380 shares (total 410,955 shares) respectively of common stock ($10 par) of Central Maine

It is further proposed that Central Maine's bank loans be paid off and necessary funds provided for the purchase and construction of property with cash derived from the transactions described above

Registration Effective 5:30 p. m. EWT on Nov. 25, 1942, as of 5:30 p. m. EWT Nov. 4, 1942

Bonds Awarded under competitive bidding rule, on Nov. 30, to the First Boston Corp. Coffin & Burr, Inc., group on bid of 106.31

Offered Dec. 3, 1942 at 107% and int. by syndicate headed by The First Boston Corp. Coffin & Burr, Inc. and associates.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, DEC. 3

CURTISS CANDY CO.

Curtiss Candy Co. has filed registration statement with the SEC covering 30,000 shares of participating preferred stock, par value $100

Address—622 Diversey Parkway, Chicago

Business—Company is one of the largest and leading candy and confection manufacturers in the United States

Offering—Registrant proposes to offer the participating preferred shares registered, at $100 per share. The entire amount of the consideration received shall be credited to capital account. It is not proposed to pay any commissions or underwriting fees with respect to the sale of the stock. Approximate date of proposed public offering Nov. 25, 1942

Underwriting—There is no commitment of any kind with respect to the sale or underwriting of the securities registered

Proceeds—Will be used principally in the acquisition of similar types of business $700,000; additional farm lands $750,000; trucks $100,000; raw commodities for purpose of stabilizing inventory $250,000; to provide funds for payments under pension and profit-sharing plans for its employees $900,000; in reduction of indebtedness on farm properties $200,000, and for additional working capital $75,700

Registration Statement No. 2-5059. Form A-2. (11-14-42)

Hearing on suspension of registration set for Dec. 9, 1942, as SEC states it has reasonable cause to believe that statement includes "untrue statements of material facts"

SATURDAY, DEC. 5

MUTUAL INCOME FOUNDATION, INC.

Mutual Income Foundation, Inc., has filed a registration statement with the SEC for 200 fully paid certificates of ownership at $500 each, 150 periodic payment certificates of ownership at $1,000 each, total 350 certificates; 150,803 shares of beneficial interests to be issued under periodic payment certificates of ownership now outstanding; 36,938 shares to be issued under the certificates of ownership to be sold, total 187,741 shares. Aggregate offering price, $1,218,158

Address—1308 Penobscot Building, Detroit, Mich.

Business—Investment trust.

Offering—Continuous public offering is proposed from and after the effective date of registration statement

Proceeds—For investment

Registration Statement No. 2-5060. Form C-1. (11-16-42)

TUESDAY, DEC. 8

AMPAL-AMERICAN PALESTINE TRADING CORP.

Ampal-American Palestine Trading Corp. has filed a registration statement with the SEC for 182,000 shares 4% preferred, cumulative non-voting stock, par value $5 per share

Address—1440 Broadway, New York City

Business—The corporation was organized for the purpose of developing trade relations between the United States and Palestine and its surrounding territories; to assist in the development of the economic resources of Palestine and to afford financial aid to commercial, banking, credit, industrial and agricultural enterprises, cooperative and otherwise, in and relating to Palestine. Company was organized Feb. 6, 1942, in New York.

Underwriting—There are no underwriters. The securities will be sold through the efforts of the directors and employees of the issuer

Offering—The offering price to the public will be $5.50 per share, for a total of $1,001,000. Date of proposed public offering is Dec. 1, 1942

Proceeds—A number of schemes for investment by the corporation of the proceeds of this issue have been considered by its directors. No final decisions have been reached, and no commitments have been made, except that, in a general way, and subject to re-examination, the directors believe that the corporation could with profit to itself and with substantial benefit to the economic organization of Palestine, make investments for the purposes indicated in its organization

Registration Statement No. 2-5061. Form A-1. (11-19-42)

WEDNESDAY, DEC. 9

LOCKHEED AIRCRAFT CORP.

Lockheed Aircraft Corp. has filed a registration statement with the SEC covering participations in employees' retirement income plan. Statement says number of certificates for which registration statement is filed is uncertain. All participations during the first year after effective date of the plan. Aggregate offering price is given as $174,000, being estimated amount of employee contributions during first year of plan

Address—1705 Victory Place, Burbank, California

Business—Participations in the retirement income plan of Lockheed Aircraft Corp. and subsidiaries

Underwriting—No underwriters

Offering—The effective date of the plan will be Dec. 31, 1942. The plan is to be administered by a retirement plan committee, to be appointed by the boards of directors of the company and its subsidiaries. It is expected that this committee will be initially composed of five individuals, of whom a majority will be employees of the corporations. Participation in the plan is optional with each eligible employee. It is estimated that approximately 2,250 employees of the company and its subsidiaries, including 13 officers and 10 directors, will be eligible as of Dec. 31, 1942, to join the plan.

Proceeds—Indenture provides that funds received by the trustees may be applied toward the purchase of or payment of premiums upon annuity contracts, etc. Pending such application, funds may be held in cash or invested in securities of the United States Government, in other securities, but not securities issued by Lockheed or any of its subsidiaries

Registration Statement No 2-5062. Form C1. (11-20-42)

MONDAY, DEC. 14

TRIUMPH EXPLOSIVES, INC.

Triumph Explosives, Inc., has filed a registration statement with the SEC for voting trust certificates for 499,722 shares of common stock, par value $2 per share

Address—Fourth Avenue at Wood Street, Pittsburgh, Pa. Plant located at Elkton, Maryland

Business—Manufacturer of fireworks, flares, etc.

Uunderwriting—No underwriters.

Offering—Date of proposed offering or delivery of voting trust certificates Dec. 18, 1942. Peoples-Pittsburgh Trust Co., Pittsburgh, trustee. The voting trust is for the duration of the war, but not exceeding ten years from Oct. 1, 1942, the date of the voting trust agreement. The agreement may be terminated earlier by the voting trustees with the written consent of the holders of v.t.c. representing a majority in par value amount of the stock deposited thereunder

Registration Statement No. 2-5063. Form F-1 (11-25-42)

SATURDAY, DEC. 19

PHILLIPS PETROLEUM CO.

Phillips Petroleum Co. has filed a registration statement with the SEC for 43,928 shares of common stock, without par value.

Address—80 Broadway, New York

Business—The company and its subsidiaries compromise an integrated unit in the petroleum industry, owning reserves of crude production in a number of fields in the Mid-Continent and Gulf Coast areas, natural gasoline plants and crude oil refineries, oil pipe lines, gasoline pipe lines and marketing outlets throughout Central United States and extending into adjacent areas

Underwriting—There are no underwriters in connection with this issue

Offering—Executive committee on Nov. 24, 1942, approved an issue of 43,928 shares of its common capital stock, without par value, for issuance if the company exercises an option received under date of Nov. 12, 1942, to acquire capital stock of Alma Oil Co. The latter, a Delaware corporation, has issued and outstanding 25,000 shares of common stock, par $100 per share. In consideration of $1,000 cash, the owners of 21,500 shares of stock granted to Phillips and Sunray Oil Co., an Oklahoma corporation (in the proportion of 79% to Phillips and 21% to Sunray), the option to purchase the 21,500 shares and such additional shares of the remaining 3,500 shares as said stockholders shall be able to deliver. In the event that Phillips and Sunray shall exercise such option, the consideration to be paid will be 43,928 shares of Phillips common stock, and the sum of $615,024, provided, that if the said stockholders shall be unable to deliver all of the shares of said common stock of Alma, the cash payment shall be reduced $98.40 for each share not so delivered. Stating the basis of exchange in terms of the consideration to be paid only by Phillips, the company will receive in exchange for the 43,928 shares of its common stock 18,749 and a fraction of common stock of Alma, which will be recorded on the company's books at $1,844,976

Proceeds—For exchange of stock

Registration Statement No. 2-5064. Form A-2 (11-30-42)

SUNDAY, DEC. 20

POTASH CO. OF AMERICA

Potash Co. of America has filed a registration statement with the SEC for 65,000 shares of capital stock, par value $5 per share. The shares are already issued and outstanding

Address—First National Bank Building, Denver

Business—It is engaged, and intends to continue to engage, in the business of prospecting for, mining, refining and distributing potassium salts, known as sylvite or manure salts, and potassium chloride, known as muriate

Offering—The 65,000 shares will be offered to the public at a price to be filed by amendment

Underwriting — Maximum number of shares to be purchased by the underwriters are 42,064 of the 73,360 shares now owned by Lehman Corp., and 22,936 of the 40,000 shares owned by General American Investors Co., Inc. The underwriters are Boettcher & Co., Denver, which will purchase 21,032 shares from Lehman and 11,468 shares from General American Investors, and Laurence M. Marks & Co., New York, 21,032 shares from Lehman, and 11,468 shares from General American Investors

Proceeds—Proceeds will be received by the selling stockholders

Registration Statement No. 2-5066. Form A-2 (12-1-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

P. L. ANDREWS CORP.

P. L. Andrews Corp. has filed a registration statement with the SEC for $360,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1943 to 1957.

Address—7800 Cooper Ave., Glendale, New York, N. Y.

Business—General character of the business done by the corporation is the design, development, manufacture and sale of paper packaging and wrapping materials in a variety of forms of envelopes, folders, wrappers, folding boxes and containers. Primarily because of the nature of the plant and products of the corporation, it is anticipated that the war or conditions arising therefrom will not alter substantially the general character of the business or products of the corporation

Underwriting—No firm commitment has been made to take any of the securities registered, but P. W. Brooks & Co., Inc., New York City, is the principal underwriter, as defined in the Securities Act of 1933

Offering—The securities will be offered at prices ranging from 99½ to 102¼ depending upon maturity date

Proceeds—Net proceeds will be used to discharge a proposed demand bank loan, to reimburse the corporation for machinery acquired and balance for such additional production facilities as are needed.

Registration Statement No. 2-5058. Form A-2 (10-28-42)

Request for withdrawal of specified material filed Nov. 18, 1942

Amendment filed Nov. 12, 1942, to defer effective date

FIREMAN'S FUND INSURANCE CO.

Fireman's Fund Insurance Co. has filed registration statement with SEC for 64,086 shares of $10 par value common stock

Address—San Francisco, Calif.

Business—Fire, motor and marine insurance, etc.

Offering—After reclassification of securities to offer 33,738 shares of Fireman's $10 par common and scrip for fractional shares in exchange for 44,984 shares of $10 par common of Home Fire & Marine Insurance Co. of California on basis of 75/100ths share of Fireman's Fund for one share of Home; and 30,348 shares of Fireman's in exchange for 67,440 shares of $10 par common of Occidental Insurance Co. on basis of 45/100ths share of Fireman's Fund for one share of Occidental

Underwriting—There are no underwriters

Proceeds—To be issued under plan of exchange

Statement filed in San Francisco

Registration Statement No. 2-5051. Form A-2. (10-15-42)

Amendment to defer effective date filed Nov. 14, 1942

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registeres with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956, and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas) serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2 (9-17-41)

Amendment filed Nov. 28, 1942, to defer **effective date**

GRAND FORKS HERALD, INCORPORATED

Grand Forks Herald, Incorporated, has filed a registration statement with the SEC for $170,000 4½% first mortgage serial maturity bonds, dated Sept. 1, 1942 Bonds will mature as follows: $12,000 on each Sept. 1 from Sept. 1, 1943 to and including Sept. 1, 1951; $62,000 on Sept. 1, 1952

Address — 118 North Fourth Street, Grand Forks, N. D.

Business—Newspaper publication

Offering—Bonds are to be offered at prices ranging from 100.50 and interest to 104.08 and interest

Underwriting—Kalman & Co., Inc., St. Paul, is the sole underwriter

Proceeds—The net proceeds, together with other funds of the corporation, are to be used to retire as of Jan. 1, 1943, the corporation's 6½% 15-year sinking fund debenture bonds due Sept. 1, 1944

Registration Statement No. 2-5049. Form A-2. (10-12-42)

Registration effective 5.30 p. m. ESWT on Nov. 9, 1942

HOUSTON NATURAL GAS CORPORATION

Houston Natural Gas Corp. has filed a registration statement with SEC for 40,000 shares of preferred stock, 5% cumulative, par value $50 per share

Address—Petroleum Building, Houston, Texas

Business—Company produces, purchases and distributes natural gas in a large number of cities, towns and communities in Texas

Offering—The stock, after reclassification of securities, is to be offered at $50 per share. The holders of common stock (approximately 80,000 out of 158,289) who have not previously waived their preemptive rights to subscribe for the new issue of preferred will be afforded a 10-day period after the effective date of the registration statement within which to exercise such pre-emptive rights by subscribing for one share of preferred for each four shares of common stock held. If in the opinion of the company a sufficient number of shares is not subscribed for the company reserves the right to refund all payments and cancel the subscriptions, but if a sufficient number of shares of preferred is subscribed for by the public and by the holders of common, company will offer to exchange 11,000 shares of preferred, $50 par, for the 10,000 shares of preferred stock, 7% cumulative, par value $50 per share, callable at $55 per share, presently outstanding

Underwriting—The preferred stock is not being underwritten. Names of principal brokers soliciting subscriptions are Moroney, Beissner & Co., Houston, Texas, and Mackubin, Legg & Co., Baltimore. The first will receive fees and commissions for transactions occuring in the State of Texas and the second will receive fees and commissions as managers of the selling group offering the preferred stock outside of State of Texas

Proceeds—No specific allocation of the net proceeds has been made, but will be added to and become a part of the general funds of the company

Registration Statement No. 2-5050. Form A-2. (10-12-42)

Registration effective 5:30 p. m. ESWT on Oct. 28, 1942

INTERIM FINANCE CORP.

Interim Finance Corp. filed **a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par**

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Amendment filed, July 30, 1942 to defer effective date

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed Nov. 9, 1942, to defer effective date

NEIMAN-MARCUS CO.

Neiman-Marcus Co., Dallas, Texas, has filed an amended prospectus with the SEC in connection with the public offering of $700,000 5% cumulative preferred stock, par value $100 per share. According to amended prospectus the public offering price has been reduced from $100 to $92.50 per share, effective Nov. 15, 1942. Statement says that principal underwriters will grant concessions to dealers constituting the selling group of $6 per share. The principal underwriters have also discontinued stabilizing the price of such shares

The registration statement was originally filed Nov. 19, 1942, No. 2-4581, Form A-2. Offering price to public at that time was given as $100.50, with underwriting discounts or commissions of $5.50 per share. Amended prospectus dated May 1, 1942, stated that 1,566 shares of the 7,000 shares covered remained unsold in the hands of the principal underwriters and selling group and price to public was lowered to $100 per share. Amended prospectus does not indicate number of shares still remaining in hands of selling group

Principal underwriters were Moss, Moore & Cecil, Inc., and Dallas Rupe & Son, Dallas, Texas

Company owns and operates retail specialty shop located in Dallas, Texas

NU-ENAMEL CORPORATION

Nu-Enamel Corporation filed a registration statement with the SEC for 106,500 shares of common stock, $1 par value

Address—8 South Michigan Ave., Chicago

Business—The company is engaged in the distribution and sale of enamels, paints, varnishes, linoleum finish, stains, polish and kindred lines, which are principally distributed under the trade name "Nu-Enamel." The products sold by the company are manufactured by Armstrong

Paint & Varnish Works, of Chicago, under contract in accordance with the company's formulae and specifications

Underwriting—Floyd D. Cerf Co. is the principal underwriter.

Registration Statement No. 2-4940. **Form A2** (2-2-42)

Union Electric Co. of Missouri, on Feb 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed Nov. 2, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Offering—The principal underwriter is granted the option, until close of business Dec. 31, 1942, to purchase at $1.50 per share all or any part of 72,500 shares of common stock of the company from C. L. Lloyd and all or any part of 34,000 shares from Gladys Lloyd. There is no firm commitment to purchase any of said shares. The principal underwriter has agreed to pay a finder's fee to American Industries Corp., Detroit, Mich., in the amount of 5 cents for each share of common stock purchased by the principal underwriter from the selling stockholders. Offering price to the public will be supplied by amendment

Proceeds—The shares to be offered are already issued and proceeds will go to the individual sellers of the shares

Registration Statement No. 2-5029. **Form** A-2. (8-1-42)

Nu-Enamel Corporation on Aug. 26 filed an amendment to its registration statement giving the public offering price at $2 per share

Registration effective 5:30 p.m. EWT on Sept. 14, 1942

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and **$2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs**

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendment filed Nov. 19, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem **$28,850,000 United Gas Public Service 6% Debentures due** 1953; to pay 6% **demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4%** bonds due 1961. **Balance will be used in** part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of **$9,502,490 on companys $7** preferred stock

Registration Statement No. 2-4760, **Form** A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the best possible price."

Amendment filed Nov. 24, 1942, to defer effective date

Investment Trusts

(Continued from page 1967)

ment income, with a substantial part of the aggregate income comprised of bond interest, and with a policy of distributing substantially all net investment income, it is at once apparent that the status of 'regulated investment company' is to the overwhelming advantage of Union Trusteed Funds, Inc."

Investment Company Briefs

"This is the seventeenth anniversary of the first public offering of shares of Incorporated Investors," writes the Parker Corporation in a letter to affiliated dealers under dateline of Nov. 25, 1942.

"Since then there have been many prosperous years for investment bankers — and some that have not been prosperous at all.

"We feel that forces are now at work that make the look ahead much brighter.

"In the first place, vast amounts of cash are going into government bonds which will be converted back to cash after the war for spending or for investing in the stocks of good American companies.

"Then too, those forces which have been shaking the confidence of the investing class for a decade seem to be weakening. A gradual shift to the right appears to be in progress.

"Since the election Congress has stiffened and has refused blanket grants of authority to the Executive Department, substituting therefor only specific authority sufficient for the job in hand. We may expect more of this attitude rather than less.

"Even before election, the passage of the 1942 Revenue Act indicated a conservative approach to the problem of raising revenue. It was clear that Congress would not tolerate the power to tax being used for social reform. The more radical ideas on corporation income taxes, payroll taxes, estate taxes, capital gains and excess profit taxes were defeated, no matter how important the source of the ideas. All in all the 1942 Revenue Act is favorable to the investing class and has marked significance for the future.

"As Incorporated Investors starts its eighteenth year, we are optimistic for the future of our business—and yours."

This column shares the optimism of the Parker Corporation. And while we have this opportunity, we should like to extend our congratulations and best wishes to Incorporated Investors, one of the "charter members" of the field.

* * *

"Preferred Stock Profit Possibilities" is the title of a convincing 12-page bulletin on Lord, Abbett's Union Preferred Stock Fund. The potentialities in individual preferred stocks are illustrated by means of charts. An accompanying folder summarizes the advantages of the Fund in concise, easy-to-read language.

* * *

A "definite statement of investment policy with respect to National Bond Series and National Low-Priced Bond Series" has been issued by National Securities & Research Corporation. We quote in part:

"Following our research work with respect to our new bond funds, we decided three rules must be adhered to. First, every issue bought or held must fully earn as well as pay its interest coupon. Second, the issues selected for the eligible lists must be as of a date certain, and they must, as of that date, have covered their fixed charges for the past year, and of course be paying interest as due. The third factor was that as of a date certain we would divide the bonds into two groups—one of which is our Bond Series and the other our Low-Priced Bond Series. Each group would have a specific yield as of a date certain and thereafter that yield would fluctuate with the prices of the bonds. Under no circumstances would we change our investment criteria if bond prices advance in order to maintain a high yield.

"Our date certain was July 1, 1940. Our eligible list was completed as of that date. While in the future we expect to make some changes in our eligible list, eliminating bonds that may be called or become undesirable, and adding other bonds that may be consistent with our criteria and new issues not otherwise inconsistent, it is not our intention to add weaker bonds in order to hold up yields in an advancing bond market. . . .

"Any policy that is based upon selling the better bonds because of their market improvement, and buying weaker bonds in the hope that they will improve, will probably result in disaster, because at the top of the economic cycle a portfolio so managed would consist of the weakest issues and they are the bonds that would suffer the most in a recession. . . .

"Perhaps in the future, if medium-grade bond prices rise substantially, our two bond series may not be as popular as others because of lower yields. However, we are confident that over a long period of time the policy we are pursuing will be fully justified by the performance of the fund and it is to this that we have dedicated ourselves rather than to any policy that may bring temporary success through larger sales but ultimate disaster to the investor. Our criteria have been defined and will be adhered to—let the chips fall as they may."

* * *

The current issue of Keystone Corporation's "Keynotes" contains another in the series of brief punchy discussions on taxes and what to do about them. Short-term and long-term transactions are the subject of this issue.

* * *

"Dividends are holding up surprisingly well," states a recent issue of Selected Investments Company's "Selections." "It is our expectation that Selected American Shares' dividends for the year 1942 will prove gratifying to shareholders, and particularly to those shareholders who were led to believe that taxes would cause drastic revisions in corporate disbursements this year."

* * *

Distributors Group has published an attractive folder on the General Bond Shares of Group Securities under the title, "Protecting Your Income During An Era of High Taxes." Three points are stressed in selecting bonds considered suitable for this purpose.

1. Bonds with active markets.
2. Selling at discounts.
3. Whose market prices are influenced primarily by earning power.

In addition, the bonds selected must be obligations of companies whose earnings before taxes—are being rapidly increased.

* * *

The action of the market continues to indicate that "lower prices will be seen before any sustained upward movement occurs," according to the November 25 forecast of "Investment Timing." This is the seventh week that the service has held to the expectation of lower prices.

National Securities & Research Corp. is out with a neat little card showing **how much** security losses may save in taxes for individuals in various income brackets. It shows, for example, that a man with net taxable income of $10,000 can save $340 in taxes by realizing a net loss of $1,000. Should be a quick convincer to action.

* * *

The current issue of Massachusetts Distributors' "Brevits" contains some revealing comments on the Washington scene by Paul Mallon, veteran columnist. Among the quips: A Government coordinator "is a man who brings organized chaos out of regimented confusion." Hopeful conclusion: "The experience of this war is ruining the plans and hopes of Socialists and New Dealers for post-war ownership or control of business. Even they can see from what is happening every day here that they could not make it work."

* * *

A new folder by Hare's, Ltd., contains some interesting 1942 earnings estimates on leading aircraft manufacturing companies. This year's sales of the ten companies reviewed are put at $3,800,000,000, net earnings at $82,800,000, and post-war credit at $30,900,000. Figures are given on the individual companies.

Securities Dealers Need No Ceiling On Profits—Standard of Ethics One Of The Highest Of Any Business In The Country

(Continued from first page)

others. But let the SEC uncover a handful of cases where some dealers in securities may have taken advantage of an isolated investor's lack of knowledge of security values and immediately all dealers in securities in every State in the Union become malefactors and are made suspect of everything from the suggestion of "fraud," to "actions against the public interest."

In fact, one would imagine when the public's total losses in all these cases of which the SEC complains are so small in comparison to the vast sums which are mulcted out of the gullible public every year by "quack" lawyers and doctors, and other fraudulent business schemes of every kind and description, that instead of preparing a new method of placing a stranglehold on the securities business, the Securities and Exchange Commission would be out singing the praises of "Wall Street" throughout the length and breadth of the land.

It is time that those in the securities business refuse to allow themselves to be misled and misrepresented, For example, in a recent brief submitted by the SEC, in a case involving the profits of a dealer, wherein the SEC appeared as a friend of the court, the Commission inferred that when one holds himself forth as a dealer in securities he simultaneously establishes a fiduciary relationship with his client. Such far-fetched groping and twisting, in order to erect some kind of round-about foundation in law, whereby the SEC can abolish the personal property rights of American citizens engaged in the securities business (as dealers and principals for their own account and risk*) and thereby establish a basis for the control of profits by the Commission, is the sort of undermining skullduggery that must be brought to the surface and publicly condemned.

CONGRESS NEVER INTENDED THAT THE SEC SHOULD HAVE THE RIGHT TO IMPOSE ARBITRARY RULINGS WHICH HAVE THE FORCE OF LEGISLATION OVER THE PERSONAL PROPERTY RIGHTS OF THE CITIZENS OF THIS NATION.

The securities industry needs nothing more than to be let alone for a while. The recent elections have shown that there is a limit to which the public will tolerate excessive abuse of power by the executive agencies of the government. It is well to remember that the employees of these agencies are appointed to their offices—they are not elected by the people—and Congress has heard the voice of the people. A weak-kneed acquiescence to bureaucracy is no longer indicated for the securities dealers of this country.

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*It must be remembered that there is a vast difference between a dealer and a broker in securities. A dealer buys a block of securities for his own account just as does the proprietor of a furniture, hardware or any other kind of a store or merchant. The profit a dealer in securities feels it is reasonable or desirable to exact is limited by the same factors as those governing a merchant in any other line of business.

A broker on the other hand acts as an agent of an investor and is, therefore, morally and ethically bound to obtain the best possible price for his customer for which he gets a commission. As is well known many investment firms act as both dealers and brokers. That is to say, if an investor does not care, for any one of a variety of reasons, to buy the particular security an investment house has on its "shelf" and previously bought for its own account, a firm that does both a dealer and broker business will take an order for the particular security the customer does wish to buy or sell and will charge a commission for their services.

Lt. Phillips Dead

Lt. Harper Stewart Phillips of the 31st Armored Regiment of the 7th Armored Division was drowned, while on leave from the service, in a boat accident on Rock River near Edgerton, Wis. Lt. Phillips was associated with McDougal and Condon, Chicago municipal firm, until he joined the Armored Division.

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Urges Making This A 'Carry Christmas!'

"Make this a CARRY CHRISTMAS!" says Schenley Distillers Corporation in their newspaper advertising for Schenley Royal Reserve.

This is a new theme for a new Christmas. A theme that is portrayed by a man smilingly carrying bundles and packages in his arms, waiting at a bus stop. But more than saving gas, tires and solving the delivery problem, it reflects a spirit that makes "Carry Christmas" hold more than a practical connotation.

It tells you that "this is the Christmas to carry home War Bonds and Stamps regularly in your pocket . . . to carry faith, courage and firm hope constantly in your heart. . . ." Because it reflects the spirit of every American this Christmas, Schenley makes it a "Carry Christmas."

This advertising, handled by The Kleppner Company, will run in 150 newspapers.

New Frontiers For Ins.

An interesting memorandum has just been issued by Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City, entitled "New Frontiers for Insurance," which outlines the opportunities created by Federal investigation of fire insurance practices, which will have, the Company believes, results highly beneficial to the capital stock insurance companies, for, if present shortcomings are followed through to the sources and corrected, the scope for growth of the better managed companies should be enlarged, their costs reduced, and their profits increased. Copies of the memorandum containing a discussion of the recent Federal action and the beneficial possibilities may be had upon request from Huff, Geyer & Hecht, Inc.

N. Y. Analysts To Meet

The New York Society of Security Analysts announce the railroad group of the society at their Dec. 15 luncheon meeting (12:30 p.m. at 56 Broad Street, New York City) will discuss the St. Paul reorganization plan. Pierre Bretey of Goodbody & Co. will lead the discussion in which Wendell Reuss of Townsend, Graff & Co. and Herbert Wyeth of Shields & Co. have been invited to participate.

The bond and investment group, of which Seth Seeley of City Bank-Farmers Trust Company is Chairman, will meet on Dec. 7.

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Our Reporter On "Governments"

The biggest single financing job in the history of the world is under way now. . . . You know this as well as any one, it is to be presumed, for salesmen of top calibre are at your institution now or will be in a day or so. . . . The nation's commercial banks have been organized into their own sales groups on the basis that it is better that they place bonds with non-banking sources than that they take them down themselves. . . . The nation's investment bankers have been organized under the Victory Fund Committees. . . . The nation's Stock Exchanges are doing a job on their own too. . . . There's no point in repeating the well-known facts. . . . The December drive to raise $9,000,000,000 from sales of bonds, certificates, war bonds, tax notes to every source of funds available is the news of the day and the week. . . . Of all the securities available on the Government list today, the 2.9% war bonds are the most attractive—if you can buy them. . . . Next on the list are the "on sale" 2½s—if you can buy them. . . . Next on the list are the securities which fit best into your portfolio as it stands today. . . .

These are facts. . . . As for predictions, as matters shaped up the week before the sale went on and as they shape up today, it appears certain that Secretary Morgenthau will get his $9,000,000,000. . . .

It's probable he will get more, maybe $2,000,000,000 or $3,000,000,000 more for the organization behind this campaign is superb. . . .

It's possible that the commercial banks will supply only one-third of the funds obtained. . . . Of course, their subscriptions to the "bank bonds" and certificates are limited to $4,000,000,000, and subscriptions may reach $12,000,000,000 at the end. . . .

Insurance companies may send in more than $1,500,000,000 and they'll supply at least $1,200,000,000. . . .

As for war bonds, much here depends on the success the Treasury has with its efforts to swing the $400,000,000 of Christmas Club funds distributed this week from gift and cultural purposes into war bonds. . . .

Corporations, savings banks, estates, individuals must make up the balance—and the general feeling is they will, particularly with purchases of tax notes, which are mounting sharply. . . .

NO HURDLES

One of the more significant recent developments is the final "official" abandonment of the time-honored banking theory that a ten-to-one ratio between bank deposits and capital is a minimum margin of safety for depositors. . . .

This rule is gone now—not by implication and not by "understanding" but by definite statement on the part of the bank regulatory agencies—the Federal Reserve Board of Governors, the Controller of the Currency, the Federal Deposit Insurance Corporation, the National Association of Supervisors of State Banks. . . . And with it goes the last real hurdle to all-out, more-than-possible purchases of Governments by the country's commercial banks. . . . The banks must buy billions of Governments. . . . Nothing must stand in their way (stories about this impending change have been printed here for months). . . . So the rules go and if there are any more stumbling blocks, they'll be pushed aside as easily. . . .

Not that the rule has meant much for years. . . . The Reserve System has even admitted that in recent months and informed questioning commentators off-the-record that it was working on a new measure for the adequacy of bank capital. . . . In 1843, the ratio of capital to deposits was 200% and banks failed. . . . In 1914, the ratio was 20% and banks failed. . . . At the end of 1941, it was only 10% and few banks failed. . . . In June of this year, it was at 9½% and bank failures weren't even thought of. . . . In the words of C. A. Sienkiewicz, Vice-President of the Philadelphia Reserve Bank, in a recent address to the National Association of Supervisors of State Banks:

"It has been evident for a long time that the traditional method of using the capital-to-deposit ratio to measure the vulnerability or exposure of a bank has been highly unsatisfactory because such a simple ratio does not adequately measure a bank's condition. . . . While no rule-of-thumb measurement of capital structure is entirely adequate, it seems that the preferable method of attacking the problem would be through some ratio between available capital and the amount of assets subject to depreciation." . . .

To put it into easier language:

From now on, Governments are officially considered "non-risk assets" in measurement of bank liquidity or soundness. . . .

About the only restriction here is that commercial banks maintain an average maturity of 10 years or less. . . .

While nothing official has been said, the unofficial position of the authorities is that banks should reduce as rapidly as possible their investments in less-than-top corporate and municipal securities and should reinvest the funds in short-term Governments. . . .

While nothing official has been said about this either, the unofficial position is that banks should set aside part of their current earnings as a reserve against losses in securities other than Governments at some possible future date. . . .

INSIDE THE MARKET

Important report out of Washington recently, not confirmed but believed authentic, is that Reserve officials expect commercial banks may have to buy 66⅔% of the Government securities to be sold in the coming 12 months. . . . Up to now, banks have supplied about 53% of the war funds. . . .

Report suggests commercial banks will be playing an even larger part in the financing of the war than has been believed up to today. . . .

Story fits in with official scrap of the ten-to-one ratio and explains why announcement on subject was made by so many high agencies. . . . (Incidentally, none of the stories out of Washington actually mentioned the deposit-capital ratio; it was just taken for granted by observers.) . . .

Another important report is that Reserve System has nodded approval of any bank borrowing from district Reserve institutions or sales of Treasury bills to Reserve at moments of tightness. . . . Also no official story on it, because Reserve wouldn't want to tie itself into knots now, when at some future date a tight money policy might be advisable. . . . But the "nod" is there nonetheless—until further notice. . . .

Number of participants in the payroll savings plan of the Treasury now up to 23,400,000 and goal is to add another 10,000,000 to the rolls before the end of the year, according to reports. . . .

One recommendation of an expert on Government financing trends is that a bank should invest that portion of its funds which, after examination of its own history in previous wars, it believes it will lose after the war in Governments maturing up to 18 months. . . . Only that portion need go into short-terms. . . . One way to find out what percentage may go is to measure the increase in deposits since the beginning of 1940 and consider part of this as "possible withdrawals." . . . Balance of funds may go into longer-term Governments carrying satisfactory interest rates. . . .

Report around banks may be given relief from necessity of maintaining reserves against Government deposits. . . .

A BETTER MARKET?

It's rather early to tell and we won't know definitely until the end of December or early January, but the feeling of experts is that the market will become a better trading affair from now on. . . . Belief based on fact that financings now are to go on every-other-month basis, giving market plenty of time to rest and prices plenty of time to move into line with each other between financing dates. . . .

Some anticipations of switching volume in 1943. . . . Banks and insurance companies and corporations realigning their portfolios as issues come out and one loan appears more suited to a particular portfolio than another. . . .

At any rate, one of the best moves of the Treasury in recent months has been to space the financings more widely, observers believe. . . . Prices of Governments now—steady and well-supported in a quiet market—reflect that conviction. . . . And trading market here may redevelop just as it redeveloped in England after a year of adjustment. . . .

E. H. Rollins Elects Andersen Vice-Pres.

Jonas C. Andersen, who retired as a vice-president of The Chase National Bank of the City of New York in May, 1942, has been elected a vice-president of E. H. Rollins & Sons, Incorporated, investment bankers, 44 Wall Street, New York City. Mr. Andersen was associated with the bank for over 24 years and was in charge of their Bond Department. Prior to this he was associated with Rhoades & Co.

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Final Edition THURSDAY **In 2 Sections – Section 2**

FINANCIAL The COMMERCIAL & CHRONICLE

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Procedure On Renegotiation Of War Contracts Called Superior To Other Proposed Methods

The War Department is making every effort to insure fair and impartial application of the statute providing for the renegotiation of war contracts and sub-contracts, in order to keep to a minimum the disadvantages of this procedure, according to Col. Albert J. Browning, Director of the Purchases Division, Service of Supply, War Department.

In an address before the Illinois Manufacturers Association at Chicago on Nov. 10, Col. Browning, who was formerly President of United Wall Paper Factories, Inc., and has been connected with the Government in various capacities for the last two years, gave a detailed explanation of the amendments recently adopted by Congress in the Revenue Act of 1942 with respect to renegotiation procedure, and in part said:

"In March and April of this year, while the Sixth Supplemental National Defense Appropriation Act of 1942 was before Congress, public attention was focused on the large profits being made under some of the early war contracts and an amendment was proposed to that act limiting profits under war contracts to a percentage of sales varying from 2% to 10%. It was never definitely stated whether this was 'before or after taxes.' As many of you know, the question of before or after taxes sometimes is quite important. Two per cent might be a satisfactory profit for some simple operations, such as stamping out blanks where the total dollar volume of material handled is very large but the amount of work done on it very small. Ten per cent might be a small profit for a company doing a very complex operation for the amount of investment both in facilities and labor is large and the turnover of production small.

"One suggestion was made that a profit of 6% after taxes be allowed as a ceiling. Because of the excessive profits tax each contractor would consider his last contract as coming under the excess profits tax and, therefore, nearly every contract we signed would probably be considered as coming under the excess profits tax bracket. Therefore, we would have to allow 30% net profit be-

(Continued on page 1981)

FROM WASHINGTON
AHEAD OF THE NEWS

By CARLISLE BARGERON

One outstanding result of the recent elections is likely to be a progression of the secret hostility which high American Federation of Labor officials have long felt for the New Deal. These gentlemen have long known that the Administration is no friend of theirs; they have long known that the CIO was conceived inside the Administration and advanced by it, that it is a political adjunct of the New Deal.

Even greater emphasis was given to the political nature of the CIO at its recent annual convention. Running throughout the proceedings is a high note of cooperating with the New Deal in its post-war wide world aims. The convention made it quite clear that the CIO wanted to be and hoped to be one of the main political vehicles of these New Deal ambitions. What the convention did was to make firmer its hitch to the New Deal star, for better or for worse. With labor working conditions and wages fairly stabilized it rather behooved the organization to dig up something new to emphasize its association with the reigning Government.

Heretofore, AFL leaders, fully understanding the score, were nevertheless powerless to do anything about it, to do anything like showing their hostility to the Administration. Mr. Roosevelt was frankly too strong for them. It would have been suicide on their part to try to turn their followers from him. He could appeal over their heads.

The elections showed, however, that he has nothing like the hold over labor which he once had. There could be no question in anyone's mind that his leadership on domestic problems and on post-war problems was definitely at stake. Labor registered its unconcern, to say the least. The changed situation will undoubtedly embolden those AFL leaders who realize the Administration doesn't like their organization, because it is not political enough.

Just now they are outraged by what seems to be one of the worst examples of bureaucratic bungling in a long time. They insist, however, that it was deliberate.

The story goes back to early 1941 when the Pacific Coast shipbuilding industry was rampant wth strikes and Communism. Sid-

(Continued on page 1989)

Notice To Our Readers

Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present

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THE FINANCIAL SITUATION

Some of the difficulties which our crusade for the "four freedoms" "everywhere in the world" must inevitably encounter, and some of the hazards to which it must as inexorably expose us in due course are now beginning to appear plainly writ across the face of events. The evangelistic fervor of Mr. Willkie; the intemperate insistence of some groups in this country, and some elements of the press, upon a program which would apply in embarrassing parts of the earth; the apparent support afforded such propaganda by the President himself; and the significant suggestion the other day by Under-Secretary of State Sumner Welles that the task of reaching agreements in these matters be undertaken while the fighting continues have evidently not been missed in Great Britain.

Mr. Churchill Speaks Out

Mr. Churchill some time ago dashed cold water upon the enthusiasm of world reformers, much to the dismay of Mr. Willkie. It was not long after that the British Prime Minister made his now familiar denial of any intention of presiding at the liquidation of the British Empire. Then came the transfer to a post of lesser political responsibility of Sir Stafford Cripps, who has "advanced" leanings in several directions. Now Mr. Churchill quite pointedly warns a listening world that the United Nations can not afford to fall to quarreling among themselves about what they want to do after the war is over before the war is won.

Precisely what Great Britain will be willing to do after this war is over,. no one, quite possibly not even Great Britain itself, knows at the present time. It is, however, apparent that Mr. Churchill is not overly impressed with our crusading proposals and has no intention of permitting himself to be cajoled, bludgeoned or maneuvered into merely taking his cue from Washington. The dispassionate observer finds it difficult to doubt that he already feels more than a little nettled as a result of the tactics of this country as regard post-war dispositions of parts of the British Empire.

Vital To Britain

These are matters that reach the very roots of the British Empire and traditional British world policy. It

(Continued on page 1979)

Factionalism vs Surrender?

Up until now all discussions concerning post-war plans were opened on a note of apology. "But now that at least a way to victory has been shown to us, the post-war planner may be expected to speak more freely. . .

However, no one in our Administration has said that post-war planning cannot proceed simultaneously with the waging of the production battle. Management may be sure that labor unions and the Government itself have their post-war aims well defined and are laying plans to fashion the shape of things to come. The danger is that the nation is thinking factionally about the post-war world.—Alvin E. Dodd, President of the American Management Association.

It seems to us that the real danger may be of a rather different order.

To be sure we are not helped by factionalism, but neither is good to be expected of a policy of leaving the planning to one faction—the Administration and its Allies.

Nor will it do to be mealy-mouthed in this situation. Someone must save us from official post-war planners!

To permit ourselves to be delivered into their hands would be to court disaster.

Editorial—

The After-The-War World

Contriving plans for a revolutionized after-the-war world seems to be the current obsession of all the collectivists who have been dismissed from the war-effort because it was speedily discovered that they had nothing whatever to contribute. While, upon all the continents and throughout the seven oceans, America is fighting to repel an attack upon its way of life, sacrificing painfully at home and cruelly upon remote fields of combat, these busy planners are industriously scheming to replace that way of life wherever it exists, to exclude it forever where it might sometime be adopted, and substitute something nearer to their hearts' desire. Perhaps it is a harmless parlor diversion for the otherwise mentally unemployed, sufficing to restrain them from meddling beyond their shallow depths in problems of civilian defense, co-operative resettlements for the unsuccessful, restriction of earned incomes, and other matters beyond their experience or competence. As such, perhaps it might be indulged without criticism.

But peace is coming. Whether it comes early or late in 1943, or not until egregious folly and unnecessary suffering have extended themselves well into 1944 or 1945, the end must come and with it must come huge problems of reorganization and reconstruction. When these problems arrive and must be dealt with it will not be the time to discard the lessons of experience, attempting to build a new society organized in accordance with the dream-philosophies of altruistic men and women wholly without experience in practical control of enterprise and radically antagonistic to everything having the sanction of past success in the field of economic production.

> "Swiftly the charlatan goes: is it dark—he borrows a lantern;
> Slowly the statesman, and sure; guiding his steps by the stars."

The stars represent the deathless illumination of universal experience. It has no meaning for the collectivist charlatans who happily are most unlikely to control anything, even the consequences of their own scheming, when the ultimate task confronts the world's statesmen. Their present ideal, apparently, is a world so organized that no individual anywhere need feel any obligation for his own maintenance or that of any whom society now regards as his natural dependents: wife, children, and kindred; but may be agreeably assured that any improvidence or neglect upon his part will be compensated by an appropriation out of an inexhaustible store which he vaguely supposes to be held somewhere by a remote but omnipotent entity that he calls government. The charlatans know a very little more about government than that, they are familiar now with the interior of the palace, but they know almost nothing of practical economics, nothing of the effects upon mankind of elimination of the incentives of material rewards for industry and frugal and orderly living or of complete relief from the penalties of idleness, waste, and evil conduct. Their concept is that government, however unrestrained its extravagance, has only to proclaim taxes and its coffers will immediately be filled to overflowing. Government, they suppose, has only to say, "Let there be funds," and as the sun rising in the east flooded the newly-created firmament, just so abundant funds, mysteriously produced by taxation, will pour into the public treasury, funds sufficient to relieve all distress and to provide ease and comfort everywhere, even after liberal deductions to satisfy the needs of the vast and hungry bureaucracy required for their administration and distribution. They do not even perceive that, as they "tax and tax, spend and spend, elect and elect," as they feed into the maw of the greedy bureaucrats one after another the staple industries of the country, to possess, to regulate, and to direct, some profit-making industries will have to be left somewhere, to earn and pay the taxes which an insatiable treasury, conducted as a huge eleemosynary institution will require to finance its almost boundless beneficences. Perhaps it required everything which has happened in the last ten years, even the great war in its vast expansion since American participation became unavoidable, to make this situation and the social and political doctrines out of which it arises completely clear to those who would have to bear the cost and weight of its continuance and extension.

There is an American Way of life. It is neither the way of the collectivists nor that of Moscow. It is the way of the Declaration of Independence. It begins with the inalienable rights of manhood, rights so essential to individuality and freedom that even their possessor is incompetent to part with them when fatuously yielding before tyranny or foolishly beguiled by the mendacious pretensions of usurping dictatorships. It rests upon the splendid independence of the individual who is a sovereign in his own right, fully entitled to the free enjoyment of his life, his liberty and to the pursuit of happiness, without involuntary servitude of any sort, without intrusion upon his human rights to possess and control the products of his labor and the usufruct of the capital which he has accumulated by abstinence from wasteful consumption, without forced labor of any sort at any time or upon any alleged justification. It is the historic way of life that has persisted since the 13 colonies revolted against British tyranny and established themselves upon a narrow strip of land confronting the Atlantic Ocean in 1776. Without deviating from it in any of its essentials the scanty population of 166 years ago grew to the 135,000,000 of 1942, the area of national jurisdiction expanded to the Pacific Coast and from the Saint Croix, the Saint Lawrence, and the Great Lakes, to Oregon, the Gulf of Mexico, and the Rio Grande. National resources were developed until annual production exceeded that of every other nation; prosperity and wealth came largely to surpass anything which the world had seen in any other region or under any regime of government other than the government of individualism, liberty, and order which had been here established in pursuance of the splendid Constitution of 1787.

Under no other system of government, nowhere else upon the earth, has there been, either during the same period or any other period of time, equivalent progress, equivalent high standards of living and well-being, equivalent diffusion of comfort and security among the masses of citizenship. It should be and it will be idle and fruitless for the proponents of any radically different way of life directly to attempt to substitute any alien system for one so weighed in the processes of time and so marvelously justified by its results. Equally it should be impossible to beguile Americans into acquiescence in after-the-war policies so reckless and wasteful that they would inevitably endanger the integrity of the sound system of liberty and individualism under which the greatness of their country has been achieved. When they are asked to continue the vast budgeting deficits of the war to provide for experimental manipulations of the economics of peace, to sacrifice for the reconstruction of other lands as they have sacrificed to protect their own, to interfere in the internal affairs of other peoples even as benevolently as they have interfered to guard them against external aggression, they will, it is confidently to be hoped, remember Washington and Jefferson and refuse to be victimized by entangling alliances luring them into fruitless participation in matters and very probably into quarrels not their own. The post-war world which the American people desire and deserve, and intend to have, will be a continuation, with orderly progress of our way of life, according with the Declaration of Independence, the Constitution of 1787 and its Bill of Rights under which their greatness was achieved, by which they attained the power and prestige they now possess, and under which, with the return of sanity and restraint in their government, they can hope speedily to restore the losses of recent years and mount to new heights of prosperity and stability.

The State Of Trade

The heavy industries continue to operate at high levels, with new peaks being reached in a number of quarters. Production of electricity was at an all-time high for the second successive time in the week ended Nov. 21st, when the industry distributed 3,795,361,000 kilowatt hours, compared with the previous peak of 3,775,878,000 in the period ended Nov. 14th, according to the Edison Electric Institute. This was 16.9% above the year-ago total of 3,247,938,000 kilowatt hours.

Loading of revenue freight for the week ended Nov. 21st, totaled 836,427, cars, according to the Association of American Railroads. This was an increase of 9,826 cars over the preceding week this year, 37,041 cars more than the corresponding week in 1941 and 102,936 cars above the same period two years ago. This total was 132.92% of average loadings for the corresponding week of the ten preceding years.

Engineering construction volume for the short week due to the Thanksgiving holiday, totals $65,929,000, reports "Engineering News-Record." It compares with $100,060,000 for the preceding week and $110,331,000 for the full week last year. Federal work accounts for $53,507,000, or 81%; $8,689,000 is for private work and $3,733,000 is for State and municipal.

The current total brings 1942 construction to $8,932,207,000, or 60% above the 48-week period last year, and already 52% above the $5,868,699,000 reported for the entire year 1941. Private construction, $542,544,000, is 52% below last year, but public work, $8,389,663,000, is 80% higher. The 137% increase in Federal work is responsible for the public gain over last year, inasmuch as State and municipal work is 57% lower.

Steel operations for the week beginning Nov. 30th, will be at 98.3% of capacity, unchanged from the rate prevailing last week, according to the American Iron & Steel Institute. The rate for this week represents production of 1,681,600 net tons, compared with a rate of 99.6% or production of 1,703,800 tons a month ago. A year ago the rate was 97.6%, indicating production of 1,612,500 tons.

With fears of shortages in critical materials diminishing as war production hits a more stable basis, stocks of ingots and billets actually are accumulating at some points due to cancellation of certain lend-lease shipments, the magazine "Steel" reports.

Convinced that a repetition of the household drive for scrap cannot be expected, the industry is intensifying its efforts to obtain dormant scrap from every possible source. Government agencies are pushing salvage of structures, equipment and other material, largely those where the cost of reclaiming is not greater than scrap value. Additional pig iron production from new furnaces may serve to close the gap of late winter shortage.

In the retail trade early Christmas shopping proved a strong stimulant last week, although an exceptional demand for winter apparel continued to be the mainstay of the retail spending boom, according to Dun & Bradstreet, Inc.

Department store sales on a country-wide basis were up 30% for the week ended Nov. 21st, compared with the same week a year ago, according to the Federal Reserve System. Store sales were up 19% for the four-week period ended Nov. 21st, compared with last year.

Department store sales in New York City in the week ended Nov. 21st, were 26% larger than in the like week last year, and in the four weeks ended Nov. 21st, were up 13% from the comparable period in 1941, according to the New York Federal Reserve Bank.

Department store sales in New York City in the week ended Nov. 28th, were 15% smaller than in the like period last year, according to a preliminary estimate issued by the New York Federal Reserve Bank. The bank pointed out that there were only five shopping days last week because of Thanksgiving, compared to six shopping days in the comparable 1941 week.

The good business being enjoyed by stores currently is being stimulated by the widespread campaign urging early Christmas shopping. In contrast with the situation prevailing a few months back, dollar sales today, as compared with a year ago, exceed the rise in prices. Prices in department stores are estimated at around 6% above comparative 1941 quotations, while dollar sales this month are averaging close to 20% above a year ago.

This means that the physical volume of goods now being moved off store shelves is high; that the bulge in sales is having the effect of reducing inventories. Latest figures by the New York Federal Reserve Bank bear out this trend. At the end of July the bank reported the dollar value of department store inventories at 88% higher than a year ago. Since then the decrease in inventories has been rapid. At the end of August they were 63% above last year; at the end of September, 44% higher, and at the close of October, 26% larger.

The Department of Commerce, in reviewing third-quarter inventory developments a few days ago, observed that the heavy buying generated by war-time expansion is cutting into existing stocks to supplement the restricted volume of goods being produced for consumers. The Commerce Department notes that retailers' stocks in the third quarter of 1942 had declined approximately $200,000,000 and that wholesalers' stocks had dropped about $400,000,000.

Kelley Joins Law Firm

John H. Kelley, Assistant General Counsel of the Securities and Exchange Commission in charge of the enforcement staff in the New York office, is resigning, effective Dec. 1, to resume the private practice of law. He will join the law firm of Ignatius & Stone. He had been with the Commission since its organization, being first employed in the office of general counsel in Washington, and has been Assistant General Counsel since 1937.

THE FINANCIAL SITUATION

(Continued from first page)

would be a sad blunder on our part to suppose that they can be disposed of by impassioned oratory, political intrigue, or by the purchase of friends in various parts of the globe, particularly, perhaps, in Great Britain itself. All these techniques are familiar to British statesmen, who in one form or another have been making use of them for centuries. Moreover it is their ox that is in danger of being gored. To many Britishers it must appear that we have undertaken to save the Empire only to demand that it voluntarily commit hara-kiri once its traditional enemies are laid. Some of us are fond of calling the British Empire a "Commonwealth of Nations," and in part that is what it is. We seem, however, to forget that of the 505,000,000 souls in this vast domain, some 359,000,000 live in Asia, upwards of 50,000,000 in Africa, and millions more in other parts of the world in a status that bars the use of the word "nation" in reference to them.

In short, it is still an empire, and much the larger part of the peoples comprising it are of bloods, traditions, and in most other respects quite foreign to those of the British. It is, moreover, a fact that a "liquidation" of this vast empire on terms which would appear to be implied in much that is being said in this country might well leave Great Britain a second- or even a third-rate power. This may be a "new era." These may be "modern" times. "Nineteenth century imperialism" may be "outmoded"—and all the rest—but we should be foolish to expect the British to be ready at our bidding to leave all this territory, all these peoples and all the riches in these lands to their own devices when the war is over. We should be on much safer ground to assume that the British will have ideas of their own about what they regard as their own.

Disappointment Ahead

Danger of disappointment and disillusionment lurk in any assumption that we shall "this time" be able to reorder the world to our liking, with the full support and applause of Great Britain and the other members of the United Nations, when the fighting is over. Even more serious consequences could easily follow an attempt at this time to exact agreements from the British and the others as a price of our part in this war. As a matter of fact we have made the welkin ring with assertions that we are in point of fact merely defending our own shores in attacking Germany and Japan before they got around to attacking us. It now scarcely lies in our mouths to argue that we are expending our treasure and shedding our blood to "save" or to "liberate" any one else, and hence have the right to demand sweeping concessions to our notions of a perfect world. But whatever the strength of our argument, the fact remains that these other peoples, who have been playing world politics for centuries, are not likely to accept our idealism at face value, and any attempt to bring pressure upon them at this time can cost many lives and much treasure as a result of lack of perfect understanding and coordination of military forces and plans. We have gone about as far as we had better go in this business for the present—if, indeed, we must go farther after the war is won.

If We Had Our Way?

An about equally disquieting prospect would confront us were we able to have our way. One would suppose, from listening to many of the "four freedom" enthusiasts, that about all that would be necessary on the political side would be to have alien powers withdraw from these various regions of the earth where they are now dominant over native peoples. Such withdrawal, however, guarantees exactly nothing. Many of them are patently not in a position even to keep order, to say nothing of developing and exploiting their rich natural resources. Even if they were able to do these things it is clear enough that they could not defend themselves against the larger nations, which would always be eyeing them enviously. Nor is encroachment, as some naive commentators appear to suppose, merely a matter of military attack from without. On the contrary it is often for long periods peaceful economic penetration—not infrequently with the consent if not upon the invitation of native groups. Defense of these outlying regions from alien exploitation is a difficult and virtually endless task.

And, of course, under plans such as we appear to be laying for the future we—and, so we hope, our friends—must defend them in perpetuity. We should have learned some lessons in this field from our experience with the Philippines. We have long promised to give them their "freedom," but it has as long been obvious that to give them their freedom would in no way assure them of retaining it. The break with Japan came before matters had fully developed in these islands, but had we set the Philippines wholly free, it might easily have happened that within a quarter of a century they would have found themselves virtually a part of the Japanese Empire without a gun having been fired—merely by infiltration, colonization, and finally domination at the polls. There are many other regions of the world where precisely this process could easily take place in time.

Unsolved Problems

Are we so foolish as to suppose that we can undertake to guarantee the possession and control of all areas in the world by the people that now occupy and are preponderant in them? It would appear that the United States Government and that of Great Britain are fully agreed upon one thing—that Germany, Italy and Japan are to be so reduced in military strength that they shall not be able to breach the peace of the world in the future. How long we shall keep that resolve after peace has returned remains to be seen, but suppose we did so indefinitely? So long as German, Italian and Japanese populations continue to increase at the rate customary in those countries, they would probably remain a world problem. If we insist upon believing that we have solutions of all problems "everywhere in the world" we are doomed to sad disappointment to say the least.

IBA Urges Government To Suspend Needless Hampering Of Utility Operations For Duration

Declaring that the public utilities are indispensable as a war agency and that their treatment at this time is of the utmost social and economic importance, the Public Service Securities Committee of the Investment Bankers Association of America, in a special report made public on Nov. 24, recommended that "needless hampering of utility operations by governmental agencies be suspended for the duration." Among hampering acts which the Committee is "convinced" are "seriously retarding the war effort," greatest emphasis was placed on the forced dissolution of holding companies during the war period under the "Death Sentence."

Holding companies are, with certain exceptions, "on the way out," the report stated. Their protection and support, their supplying of capital needs and credit were helpful during the period of expansion, experimentation and standardization of the industry, it added, but are no longer necessary, "at any rate for those companies whose subsidiaries are now self-sufficient." Progress in eliminating holding companies should nevertheless be gradual, it was felt, so as not to destroy values and unsettle markets.

Pressed now, compulsory disruption of holding companies has, according to the Committee, seriously hampered the necessary all-out war effort of the industry by, (1) taking the time of important men in litigation and contention, (2) causing undue and unnecessary expense to both the operating and holding companies, (3) instigating sales on unprepared and unreceptive markets, (4) disturbing the very foundation of the productive machinery of the industry.

As another consequence, forced dissolution of companies and systems in thin and unstable markets has "greatly stimulated new financing by 'revenue districts' and the municipal buying of properties through the issuance of revenue bonds," the report said. This was said to lead to the "municipalization" of the business. The exemption from Federal taxation thus afforded, it added, makes the financing of municipal ownership and support of the resulting debt comparatively easy. "We also hear," the report continued, "of the suggested formation by 'public power groups' of non-profit corporations which are to be free of taxation." The Committee considered such moves of "highly disputable value both from an economic and social standpoint."

The report pointed to a "paradox" of having Government agencies stressing the need of equity financing and at the same time insisting on the writing off or freezing of surplus accounts or the writing down of property values of operating companies after these values had been long accepted by local commissions, thus making the sale of equity securities difficult and speculative.

Multiple taxation is a further blight on the utilities and their stockholders, the report stated, citing many instances of gross receipts taxes by city, county and state piled on top of income and excess profits taxes, leaving little or nothing for corporate surplus of stockholders.

The Securities and Exchange Commission's public bidding rule on the initial sale of public utilities securities would better have been left untried during the war period also, the Committee contended. Its over-all recommendation was that all regulations that do not relate to current fraud prevention should be postponed "in this time of great emergency" and that Government bureaus should refrain from unnecessary rulings, cease disrupting the normal operations of the utilities, avoid disturbance of markets, subordinating everything to the war effort.

The report was prepared by a Commitee of which Albert T. Armitage of Coffin & Burr, Inc., Boston, is chairman.

Derenberg Joins OPA

Dr. Walter J. Derenberg, Director of Legal Research of the American Arbitration Association, and an authority on patent law, has resigned to accept the position of Chief Counsel of the Opinions and Research Bureau of the Office of Price Administration, Lucius R. Eastman, Chairman of the Board of the Association, announced on Nov. 19. Mr. Derenberg is assuming his governmental position immediately and will make his headquarters in Washington. The announcement from the Association says:

"Dr. Derenberg has headed the legal research division of the American Arbitration Association since 1935, and has acted as legal research director of the Motion Picture Arbitration System since its inception under the Motion Picture Consent Decree in 1940. In addition to having conducted classes at New York University on abritration and trade marks for a period of years, he is the author of several legal publications on these subjects."

Supreme Court Agrees To Wage-Hour Review

The U. S. Supreme Court agreed on Oct. 19 to review a ruling that the Wage-Hour Act does not apply to employes of a wholesaler handling products obtained from other States but which "come to rest in the hands of the importer" before distribution in the State in which he conducts his business.

Regarding the case, the Associated Press on Oct. 20 reported:

Appealing from a ruling by the Fifth Federal Circuit Court involving the Jacksonville (Fla.) Paper Co., the Federal Wage-Hour Administrator contended that the decision "would exclude from the coverage of the Act many thousands of employes who are entitled to its benefits." The High Court yesterday granted his petition for a review.

The only function of such a distributor "is to serve as a medium through which large scale sources of supply meet a nation-wide demand," the Administrator added. "The fortuitous circumstance that the final delivery of goods by the intermediate wholesaler sometimes takes place wholly within the confines of a single State cannot deprive the last step in the distribution process of its interstate character."

Counsel for the company replied that if the construction of the Act sought by the Government official were adopted "there can hardly be a business of any kind, no matter how limited in extent, carried on within the boundaries of a particular State which would not be subject to Federal regulation."

WPB Rules On Vacation Pay In General Motors Case

A supplementary order, including eligibility rules for vacation allowances for employees on military leaves of absence, was issued Nov. 17 by the National War Labor Board in the General Motors Corp.-United Automobile Workers, CIO, case. The announcement adds:

"A wage increase schedule for apprentices, starting with a 60-cent-an-hour hiring rate, also was provided in the ruling. A 5-cent increase will be granted apprentices at the end of each period of 910 hours of work, for eight such periods.

"The order also extended provisions of previous Board orders for General Motors to the Oldsmobile plant of General Motors in Kansas City, Mo., where the UAW-CIO was certified as bargaining agent Nov. 6.

"The supplementary order was issued after conferences with corporation and union representatives, to clarify provisions of the Board's order of Sept. 26, covering approximately 225,000 employes."

WAAC Force Of 150,000 Approved By President

President Roosevelt announced on Nov. 20 that he had issued an executive order authorizing an increase in the ultimate strength of the Women's Army Auxiliary Corps from 25,000 to 150,000.

In announcing his authorization for the expansion, the President told his press conference that the total of 150,000 would not be reached for a long time but that the government is looking far ahead in view of the training required. He added that it is expected the corps will reach 56,000 by July, 1943. The WAAC's now number about 10,000, of which 7,000 have completed their training.

President Believes War At Turning Point But Warns Of Uphill Fight To Victory

President Roosevelt asserted on Nov. 17 that the "great deal of good news" of the last two weeks would seem to indicate that the "turning point of this war has at last been reached" but warned that this is no time for exultation or anything but "fighting and working to win."

The President made these remarks in a radio address from Washington to the final session of the Forum on Current Problems of the New York "Herald Tribune."

Declaring that there is "a gigantic job to do," Mr. Roosevelt said the fight "will continue to be uphill, all the way" and "there can be no coasting to victory." He took occasion to commend the Navy for its action in the Solomon Islands, describing it as "one of the greatest battles of our history."

In defending the Government's policy regarding the giving out of war news, the President explained that facts that would be of advantage to the enemy cannot be disclosed for a reasonable length of time and added that "loose talk delays victory." He also stated that "those who are not in possession of all the news must almost inevitably speak from guesswork based on information of doubtful accuracy."

While saying he has made a constant effort to keep politics out of the fighting of this war the President confessed that "my foot slipped once." He went on to relate how ten days before Election Day he had yielded to the clamor as to the suppression of news and had disclosed the sinking of an aircraft carrier in the Southwest Pacific. Mr. Roosevelt further said that the admirals in command in that area protested against the release of the news on the ground that the Japanese Navy had no information of the sinking—since none of their ships were near enough to see the carrier go down—and that "handing them the information on a silver platter" gave them a military advantage which they would not have had. He added that this illustrates to the people the fact "that in time of war the conduct of that war, with the aim of victory, comes absolutely first."

The text of the President's address as given in the "Herald Tribune" follows:

"Ladies and gentlemen, I have always welcomed the opportunity to participate in the 'Herald Tribune' Forum because I have always been interested in the public presentation of all kinds of national problems.

"In time of peace every variety of problem and issue is an interesting subject for public discussion.

"But in time of war the American people know that the one all-important job before them is fighting and working to win. Therefore, of necessity, while long-range social and economic problems are by no means forgotten, they are a little like books which for the moment we have laid aside in order that we might get out the old atlas to learn the geography of the battle areas.

"In time of war your Government cannot always give spot news to the people. Nearly everybody understands that—and the reason for it.

"This means that those relatively few people who do have the facts from all over the world, not only every day but every hour of every day, are somewhat precluded from discussing these facts publicly, except in the most general of terms. If they did, they would almost inevitably say things which would help the people who are trying to destroy us.

"In reverse, those who are not in possession of all the news must almost inevitably speak from guesswork based on information of doubtful accuracy. They do not know the facts, and therefore the value of their statements becomes greatly reduced. Nor must we, in the actual progress of the war, lend ears to the clamor of politics or to criticism from those who, as we know in our hearts, are actuated by political motives.

"The fact that this type of criticism has done less harm in the United States than might be expected has been due to the good old horse sense of the American people. I know from a somewhat long experience—in war-time as well as peace-time — that the overwhelming majority of our people know how to discriminate in their reading and in their radio listening between informed discussion and verbal thrusts in the dark.

"I think you will realize that I have made a constant effort as Commander-in-Chief to keep politics out of the fighting of this war.

"But I must confess that my foot slipped once. About ten days before the late Election Day one of our aircraft carriers was torpedoed in the Southwest Pacific. She did not sink at once, but it became clear that she could not make port. She was, therefore, destroyed by our own forces. We in Washington did not know whether the enemy was aware of her sinking—for there were no Japanese ships near enough to see her go down. You will realize, of course, that the actual knowledge of the loss of enemy ships has a definite bearing on continuing naval operations for some time after the event. We, for instance, know that we have sunk a number of Japanese aircraft carriers and we know that we have bombed or torpedoed others. We would give a king's ransom to know whether the latter were sunk or were saved, repaired and put back into commission.

"However, when we got news of the sinking of this particular ship a great issue was being raised in the Congress and in the public vehicles of information as to the suppression of news from the fighting fronts. There was a division of opinion among responsible authorities.

"Here came my mistake. I yielded to the clamor. I did so partly in realization of the certainty that if the news of the sinking were given out two or three weeks later it would be publicly charged that the news had been suppressed by me until after the election.

"Then, shortly thereafter protests came from the admirals in command in the Southwest Pacific and at our great base in Hawaii on the ground that, in all probability, the Japanese Navy had no information of the sinking, and that handing them the information on a silver platter—although we were careful not to reveal the name of the carrier—still gave to the Japanese a military advantage which they would otherwise not have had.

"This confession of mine illustrates to the people of this country the fact that in time of war the conduct of that war, with the aim of victory, comes absolutely first. They know that not one of their inalienable rights is taken away through the failure to disclose to them, for a reasonable length of time, facts that Hitler and Mussolini and Tojo would give their eye-teeth to learn. Facts, therefore, become paramount—facts that cannot be told to the public at the time, as well as facts that can and should be told at all times.

"The posters that tell you, 'Loose talk costs lives,' do not exaggerate. Loose talk delays victory. Loose talk is the damp that gets into powder. We prefer to keep our powder dry.

"We have a gigantic job to do—all of us, together. Our battle lines today stretch from Kiska to Murmansk, from Tunisia to Guadalcanal. These lines will grow longer, as our forces advance.

"Yes, we have had an uphill fight, and it will continue to be uphill, all the way. There can be no coasting to victory.

"During the last two weeks we have had a great deal of good news and it would seem that the turning point of this war has at last been reached. But this is no time for exultation. There is no time now for anything but fighting and working to win.

"A few days ago, as our Army advanced through North Africa, on the other side of the world our Navy was fighting what was one of the greatest battles of our history.

"A very powerful Japanese force was moving at night toward our positions in the Solomon Islands. The spearhead of the force that we sent to intercept the enemy was under the command of Rear Admiral Daniel J. Callaghan. He was aboard the leading ship, the cruiser San Francisco.

"The San Francisco sailed right into the enemy fleet — right through the whole enemy fleet—her guns blazing. She engaged and hit three enemy vessels, sinking one of them. At point-blank range she engaged an enemy battleship—heavily her superior in size and firepower. She silenced this battleship's big guns and so disabled her that she could be sunk by torpedoes from our destroyers and aircraft.

"The San Francisco herself was hit many times. Admiral Callaghan, my close personal friend, and many of his gallant officers and men gave their lives in this battle. But the San Francisco was brought safely back to port by a Lieutenant Commander, and she will fight again for her country.

"The Commander of the task force of which the San Francisco was a part has recommended that she be the first of our Navy's vessels to be decorated for outstanding service.

"But there are no citations, no medals, which carry with them such high honor as that accorded to fighting men by the respect of their comrades-in-arms.

"The Commanding General of the Marines in Guadalcanal, General Vandegrift, yesterday sent a message to the Commander of the Fleet, Admiral Halsey, saying, 'We lift our battered helmets in admiration for those who fought magnificently against overwhelming odds and drove the enemy back to crushing defeat.'

"Let us thank God for such men as these. May our nation continue to be worthy of them, throughout this war, and forever."

Revise Regulation On Security Valuation

A six-year-old bank examining rule has been revised by the Comptroller of the Currency's Office with respect to the appraisal of group 2 securities in national banks, according to Washington advices appearing in the "Wall Street Journal" of Oct. 23, which went on to say:

"The Comptroller's Office, it is understood, has eliminated the requirement that securities in group 2 be valued at the average market price for 18 months just preceding examination.

"Group 2 securities are those in which the investment characteristics are distinctly or predominantly speculative. This group includes general market obligations in grades below the four highest and unrated securities of equivalent value.

"One reason given for eliminating this requirement is to conserve manpower. The banking supervisory agencies have been losing men to the armed forces like every other private and public concern. There is no service which compiles the 18-month average market price of securities and the bank examiners were required to take considerable time working out these averages for each bank.

"In lieu of troublesome 18-month average valuation, bank examiners now are instructed to take the bank's valuation provided it is not in excess of the current market value of the securities in question.

"The rule for figuring the valuation of group 2 securities on the basis of the 18-month average market price was established under an agreement in June, 1938, between the Federal Reserve, the Federal Deposit Insurance Corp., the Comptroller of the Currency and the Secretary of the Treasury.

"It is understood that Chairman Eccles of the Board of Governors of the Reserve System supported the 18-month average price rule. Its elimination by the Comptroller's Office insofar as national banks are concerned was opposed by Eccles."

War Production Fund Organized By Business In Intensified Campaign Against Accidents

Unified action designed to curb the sabotage of manpower by accident, has been taken by representative leaders of business and industry, who have organized the War Production Fund to Conserve Manpower in order to finance the National Safety Council's "concerted and intensified campaign against accidents" as called for by President Roosevelt. A brochure has been issued by the National Safety Council, Inc., indicating the scope and development of the War Production Fund, which latter, it is pointed out, has two parallel objectives: first, "to enlist the support of the nation's responsible leadership in financing and activating an expounded program for the Council," and second, "to awaken and inform the general public on the accident situation, and its deep meaning to national welfare."

At the same time information has been made available dealing with the growth of the accident-prevention movement in this country, resulting from the proclamation by President Roosevelt, who, it is stated, becoming alarmed by the inroads of accidents on productive manpower, called on the National Safety Council for a vast expansion of its program.

William A. Irvin, former President of the United States Steel Corporation, has accepted the national Chairmanship of the War Production Fund, and Thomas W. Lamont of J. P. Morgan and Company, has become Treasurer. A goal of $5,000,000 was agreed on, this sum to be raised from business and industry throughout the country. The announcement in the matter also says in part:

"A National Committee of more than 600 members was formed, with an Executive Committee of 74 — both made up of senior executives in nationally prominent firms. A preliminary canvass through the national connections of major companies has yielded above $1,000,000 in cash and nearly another in oral commitments. At present regional campaigns are getting under way in major industrial centers from coast to coast.

"Regional committees for obtaining support of companies not accessible through national channels have either been set up or are planned in these areas:

"Seattle, Los Angeles, San Francisco, Denver, Minneapolis, Des Moines, Kansas City, Oklahoma City, Ft. Worth, Houston, New Orleans, Birmingham, Atlanta, Winston-Salem, Norfolk, Louisville, Chicago, Milwaukee, St. Louis, Indianapolis, Detroit, Cincinnati, Cleveland, Pittsburgh, Buffalo, Baltimore, State of Delaware, Philadelphia, Northern New Jersey, New York City, State of Connecticut and Boston.

"The War Production Fund movement has received the blanket endorsement of President Roosevelt and of Donald M. Nelson, Chairman of the WPB. The Fund has been expressly approved by the National Association of Manufacturers, by the directors of the American and Steel Institute, by the Western Association of Railway Executives, the Eastern Railroads Presidents Conference and many other important national organizations.

"The National Safety Council has worked out a very careful plan for putting the $5,00,000 to work. No radical departures from previous practice are contemplated. The general strategy will be to speed up the existing program, to get more coverage, more technical assistance in the field, and above all, more public cooperation in accident-prevention.

"The national aspect of the accident problem is underscored in council planning, the over-all need as contrasted with an aggregate of scattered needs."

The following, regarding the mounting casualties on the home front which are "already exceeding those on the fighting front," was issued by the Fund:

"Since Pearl Harbor 85,000 persons in all have been killed by accident in the United States, 7,700,000 injured. Destruction of human material on this grand scale means something more than personal tragedy endlessly repeated. It means that 410,000,000 man-days of work have been lost. These man-days might better have been spent turning out tanks, planes, guns, ships and the thousand and one complementary materials of war.

"Of these fatalities 42,000 were workers—at a time when manpower is the nation's major non-military concern. Only one out of eight industrial establishments—there are 196,000 in all—is fully covered by a safety program. Even more alarming, three out of five workers injured were struck down not in line of duty at furnace, press or lathe, but off the job."

In a recent address before the National Safety Congress in Chicago, William A. Irvin, the Fund's National Chairman, had this to say:

"In terms of its importance to the war effort, and in terms of its day-by-day social and economic significance to the nation, the safety movement is ten times as important as many other movements that get ten times its public recognition and support."

The National Safety Council has just entered into its 31st year. It is a private organization of 5,483 members, some of these corporations, others private individuals. The Council's finances are controlled by a non-paid Board of Trustees recruited from the management of leading corporations. President of the Council is Col. John Stilwell, who is Vice-President of the Consolidated Edison Co. of New York, and Ned. A. Dearborn is Executive Vice-President and Managing Director, heading a staff of 144 members. Home offices are in Chicago.

Procedure On Renegotiation Of War Contracts Called Superior To Other Proposed Methods

(Continued from first page)

fore taxes in order to come out with a net of 6% after taxes.

"Believing that this type of restriction would impede the procurement program, a substitute was suggested under which the contractor could be required to furnish adequate data as to his actual costs and profits and to bargain in good faith in the light of such data for the purpose of adjusting the contract price. Congress adopted this substitute in place of the flat limitation but made the procedure compulsory and placed greater emphasis on the recapture of profits.

"Briefly, Section 403, as adopted, requires the War and Navy Departments and the Maritime Commission to eliminate excessive profits by renegotiating the contract price whenever, in the opinion of the Secretary of the Department concerned, excessive profits have been or are likely to be realized under a contract or subcontract. To implement the procedure the statute requires a provision for such renegotiation to be inserted in every contract or subcontract in an amount in excess of $100,000; defines 're-negotiation' to include a refixing of the contract price by the Secretary of a department, and provides for the recapture of excessive profits from contractors and subcontractors.

"As you know, the statute has been seriously criticized and in some cases violently attacked. Much of this criticism is apparently based on misinformation and will, I am sure, be cleared up by Mr. Oates in his talk on the actual practice upon renegotiation. Various other fears on the part of contractors arose from uncertainties and omissions in the original statute itself. From the beginning, however, the boards have tried to overcome these difficulties by reasonable construction and fair procedures. As I will explain later, basis for criticism of this type has now been removed by the recent amendments to the statute which clarify its earlier ambiguities and omissions.

"Still other objections, however, go to the heart of the act and raise more fundamental questions. The statute, it is said, allows the Government to revise its bargains at the expense of the contractor; provides no standards for fixing excessive profits; leaves contractors uncertain about their profits and financial position; and penalizes efficient producers. These are serious criticisms, but in evaluating their merit it is essential to bear in mind the situation which the statute is designed to meet and the alternative methods available. Undoubtedly the act confers on the departments concerned a sweeping power, but it must be judged as an emergency measure to meet war conditions. What are these unusual conditions?

"As you all know, the war program has created problems of procurement and production unprecedented in scale and complexity. War materials of all kinds are required in enormous quantities with the least possible delay; and many companies must undertake production of articles with which they have had no experience. Many of these articles are new and subject to frequent change; and the quantities needed and the rate of delivery must often be revised in the light of experience and the demands of war. Finally, shortages of material, priorities, and allocation increase the uncertainty of production and interfere with its regular flow. Under these circumstances, experience and information are frequently insufficient to permit accurate estimates of probable costs of production. The contract prices negotiated in many cases were estimates which proved far too high when tested by actual experience. The resulting profits often greatly exceed those contemplated by the parties when the contract was made and would be exorbitant if retained by the contractor. But the fact that such large profits accrue should not reflect on the contractor or indicate any default or neglect of his duties by the contracting officer. They are merely an index of the uncertainty regarding costs and methods of production when the contract was made.

"Most reputable contractors do not wish to keep these swollen profits and have voluntarily reduced contract prices to the levels which would have been agreed on originally if the full facts about costs and production had been known at that time. Very few business men have any desire to make excessive profits out of war production. Moreover, Congress and the country are clearly determined that no one will be allowed unjustified, excessive or inordinate profits from this war. It is certain that such profits will be prevented or curtailed in some manner. Accordingly the only real question is how it shall be done. Enlightened business men recognize this fact and many agree with the objective, but they frequently ask why the job cannot be done by taxation or by a flat profit limitation instead of renegotiation. Why inject the added difficulties of renegotiation, they ask, when a high profits tax will prevent excessive profits? One of the answers is that profit control is only a part of the job. Taxes and profit limitations leave untouched two other factors in the situation which are equally vital.

"In the first place the control of costs is just as important in the war program as the control of profits. Increasing shortages in materials and manpower clearly require the most efficient use of our resources if maximum production of war materials is to be maintained. This means that all producers must be encouraged to operate at their highest efficiency, with the minimum waste of materials and labor. A high excess profits tax does not encourage such efficiency and may even tend to discourage it. When a large proportion of profits will be taken in taxes, the incentive to keep costs down may be reduced. Consequently some other method is needed for this purpose.

"The only practical method is through careful price control. When current prices are kept close to costs, producers must exercise careful management and ingenuity to earn a reasonable profit. In normal times this function is performed by keen competition among producers, but in war time when all production facilities must be utilized and competition is inoperative, other means must be used to keep prices close to costs, in order to maintain efficiency.

"In the second place excess profits taxes do not prevent inflation. With almost half of the national income and production devoted to war purposes, control of inflation necessarily requires some control of the prices of war materials. Nevertheless, ordinary methods of price control become extremely complex and difficult to administer for many types of military commodities. For this reason the War and Navy Departments have requested the Office of Price Administration to refrain from extending their control further into this field. An agreement has been reached to carry out this request, but the Army and Navy have thereby undertaken the responsibility to maintain control of prices in the area exempted by the Office of Price Administration. Obviously excess profits taxes will not meet this problem. They operate too late and reach only what is left after all payments, costs, and expenses by a producer are met. Accordingly, they do not restrain the tendency toward inflation through increased costs and expenses."

Col. Browning further stated:

"While it is far from ideal, the renegotiation procedure is the best one so far proposed to attain these objectives in the military field. Properly administered it does provide for current control of prices, and for indirectly keeping costs down through pressure on price. By renegotiation to reduce prices in the light of experience, the incentive of producers to keep down their costs can be maintained. Of course, renegotiation is not a touchstone; much depends on how it is administered. If used merely as a means to recapture past profits, renegotiation will not tend to control costs any more than an excess profits tax; but if renegotiation is used primarily to readjust prices for the future for specified periods, it can serve to maintain incentives. Consequently the War Department is now seeking to put the emphasis on renegotiation of prices for prospective periods rather than primarily on the recapture of past profits."

With reference to a group of amendments dealing with limitations on the time for renegotiation, Col. Browning had the following to say:

"Under the original statute the fear was general that contractors might be subject to repeated renegotiations until three years after the war. This possibility is clearly eliminated in the revised statute. Under it renegotiation of any contract or subcontract must be commenced within one year after the close of the fiscal year in which the contract was completed or terminated. Furthermore, the contractor has certain optional privileges to limit the period for renegotiation by filing statements of costs of production and other financial statements at any time for a past fiscal period. The Secretary of the Department concerned may then initiate renegotiation within one year thereafter, but if he fails to do so the power to renegotiate ceases. Moreover, in practice, renegotiations will be conducted with most companies during their fiscal year or immediately after its close."

Pay On Land Bank Bonds

S. L. Cantley, Receiver for the St. Louis Joint Stock Land Bank, announces that a further dividend, designated as dividend Number 5, in the amount equal to 18% of the face amount of farm loan bonds issued by the St. Louis Joint Stock Land Bank of St. Louis, or by the Central Illinois Joint Stock Land Bank of Greenville, and the unmatured interest accrued thereon up to but not including June 1, 1932, and 50% of the face amount of farm loan bonds issued by the Southeast Missouri Joint Stock Land Bank of Cape Girardeau, and unmatured interest accrued thereon up to but not including June 1, 1932, and 18% of unpaid interest matured on the St. Louis Bank and Greenville Bank bonds and 50% of unpaid interest matured on the Cape Girardeau Bank bonds on or before June 1, 1932, has been declared as of the close of business Dec. 5, 1942. The announcement added:

"This dividend is being distributed out of the proceeds derived from the liquidation of the pledged assets of the respective banks, in compliance with the decree entered by the United States District Court at St. Louis on Sept. 23, 1942, in the case of Andrews et al vs. St. Louis Joint Stock Land Bank et al."

Industrial Output Expanded Further In October Reserve Board Reports

In its summary of general business and financial conditions, the Board of Governors of the Federal Reserve System reported on Nov. 23 that "industrial output expanded further in October and the first half of November. Retail food prices continued to advance while prices of other commodities generally showed little change. Distribution of commodities to consumers was maintained in large volume."

The Board's summary continued:

Production

"Industrial production continued to advance in October and the Board's seasonally adjusted index rose 3 points to 188% of the 1935-1939 average. Gains in armament production accounted for most of the increase, and it is estimated that currently well over 50% of total industrial output is for war purposes. In lines producing durable manufactures, approximately 80% of output now consists of products essential to the war effort.

"Steel output reached a new high level in October as production expanded to 100% of rated capacity. In the first half of November output declined slightly to around 99%, reflecting some shutdowns for furnace repairs, according to trade reports. Activity in industries producing non-durable goods declined less than seasonally in October. Production of foods, especially canning, was unusually large for this time of year and output of textiles continued at a high level. Mineral production, which usually increases in October, declined slightly this year owing chiefly to a decrease in coal production which had been maintained in large volume throughout the summer.

"Value of construction contracts awarded in October increased somewhat over that of September, according to reports of the F. W. Dodge Corp. Publicly-financed projects continued to account for over 90% of total awards.

"The Department of Commerce estimates that, in the third quarter of 1942, expenditures for new construction amounted to $4,200,000,000, of which $3,500,000,000 came from public funds. For the first nine months of this year the corresponding figures were $10,200,000,000 and $7,700,000,000. Construction of military and naval facilities and of industrial buildings accounted for the bulk of the expenditures.

Distribution

"Department store sales increased in October and the Board's seasonally adjusted index rose to 129% of the 1923-1925 average as compared with 123% in September and 130% in August. In the first half of November sales increased further and were 17% larger than in the corresponding period last year, reflecting in part price advances of about 10%.

"Railroad shipments of freight were maintained in large volume during October and declined seasonally in the first half of November.

Commodity Prices

"Retail food prices continued to advance sharply from the middle of September to the middle of October and further increases are indicated in November. Prices of most other goods and services increased slightly in this period. In the early part of October maximum price controls were established for a number of additional foods. Maximum price levels for many other food products have been raised, however, and the Office of Price Administration reports on the basis of a recent survey that in numerous instances sellers are not complying fully with the regulations now in effect.

Bank Credit

"Excess reserves of member banks were $2,500,000,000 in the middle of November, a somewhat higher level than generally prevailed in the preceding four months. At New York City banks excess reserves amounted to about $500,000,000.

"Additions to member bank reserve balances during the four weeks ending Nov. 18 were the net result of an increase of $500,000,000 in Reserve Bank holdings of Government obligations, which approximately covered the continued heavy currency drain, and a decrease of $200,000,000 in Treasury balances at the Reserve Banks.

"Holdings of Government securities by reporting banks in 101 cities increased by $1,900,000,000 to $24,000,000,000 during the four weeks ending Nov. 11. Almost half of the increase occurred at New York City banks. There were substantial increases in holdings of Treasury notes, bonds, and certificates, and a smaller increase in Treasury bills, while holdings of guaranteed obligations declined. These changes reflected new offerings and retirements by the Treasury during the period.

"Commercial and industrial loans at reporting member banks in leading cities increased somewhat during the first two weeks of November. Brokers' loans in New York City increased around Government financing dates, but subsequently declined.

U. S. Government Security Prices

"Prices of United States Government securities were steady in the four weeks ending Nov. 18. Long-term taxable bonds yielded 2.32%, and three-month Treasury bills sold at a yield of 0.37%.

More Freight Cars And Locomotives In Service

Class I railroads put 58,346 new freight cars in service in the first 10 months of 1942, the Association of American Railroads announced Nov. 19. Of the total number installed there were 33,848 box, 20,832 coal, 1,814 flat, 619 refrigerator, 100 stock, and 1,133 miscellaneous freight cars.

New freight cars on order on Nov. 1, 1942, included 9,721 box, 16,608 coal, 2,167 flat, 800 refrigerator, 200 stock, and 508 miscellaneous freight cars, or a total of 30,004 compared with 80,504 on Nov. 1, 1941.

Class I railroads in the first 10 months of 1942 installed 638 locomotives of which 258 were steam and 380 were electric and Diesel. In the same period last year they put 493 new locomotives in service of which 117 were steam and 376 were electric and Diesel.

New locomotives on order on Nov. 1, 1942, totaled 779 which included 289 steam and 490 electric and Diesel. On Nov. 1, last year, they had 611 new locomotives on order including 284 steam and 327 new electric and Diesel.

Heads N. Y. Labor Board

The appointment of Paul M. Herzog of New York City to succeed the Rev. John P. Boland as Chairman of the New York State Labor Relations Board is announced by Governor Lehman. Father Boland requested the Governor to relieve him of the chairmanship because of his pastoral duties at Buffalo. However he will remain a member of the Board until the close of the year. Mr. Herzog, who has been a member of the board since its formation on June 24, 1937, was designated Chairman by Mr. Lehman at the joint recommendation of Father Boland and George L. Cassidy, third member of the board.

McNutt Favors Drafting Of Work Absentees

Paul V. McNutt, Chairman of the War Manpower Commission, declared on Nov. 16 that he favored revocation of draft-deferment of workers chronically absent from their jobs.

Mr. McNutt told a press conference he had "urged" such revocation as a means of keeping workers on their jobs, but he did not say whether any such revocation actually had been made by Selective Service.

From Associated Press accounts, the following is taken:

"At the same time Mr. McNutt said the first 'serious labor shortages' had been developed in October, as he had forecast, but contended action taken by the War Manpower Commission had averted any curtailment of war production and resulted in 'virtually no crops being lost.'

"Mr. McNutt said that providing manpower as needed for the war effort had been 'a rather stupendous job' and that the number of persons employed in war production had been increased from 7,000,000 'at Pearl Harbor' to 15,000,000 today.

"Asked by reporters if he agreed with a charge by Senator Harry F. Byrd (D., Va.) that Government agencies are wasting manpower by hoarding workers, Mr. McNutt replied that in hunting manpower hoarders, the Government 'is certainly one place you can look.'

"He said he had witnessed instances where one Government agency had pirated workers from another by offering them positions with higher pay.

"The agencies accused of keeping unneeded workers often answered, he said, that they might in a short time be given work which would not only require those employees but others too.

"Mr. McNutt, however, credited Government agencies with cooperating more and more in eliminating hoarding and pirating."

Mrs. Roosevelt's Recent Visit To Britain

Mrs. Franklin D. Roosevelt returned to Washington on Nov. 17 from a three weeks' visit to Britain. The President's wife, who left New York on Oct. 21, and reached London Oct. 23, arrived at an airport near Washington on Nov. 17 and was met by Mr. Roosevelt. Her trip to Great Britain was marked by visits with the King and Queen, Prime Minister Churchill and to American troops in England and Northern Ireland.

At her press conference on Nov. 18, Mrs. Roosevelt said that her trip to England had convinced her that if American citizens could only realize that the length of the war will depend largely on what they do we might put a great deal more into our war effort.

In summing up what she got out of her trip, she said:

"I am glad I went because I learned a tremendous amount. I came back with an enormous pride in the ability of human nature to rise above the things that bother us the most—the little inconveniences. I came back with a tremendous feeling that when you have to face things you can do it."

In England, Mrs. Roosevelt was the guest of King George VI and Queen Elizabeth at Buckingham Palace and carried out an extensive inspection tour of military and civilian activities.

Mrs. Roosevelt on Oct. 31 called upon Queen Wilhelmina at the Dutch Embassy in London and her engagements also included visits from Dr. Eduard Benes, President of the Czecho-Slovak Government in Exile; ;Mrs. Benes and the Czech Foreign Minister, Jan G. Masarky.

It is also stated that she received the heads of several Allied Governments in Exile in London, viz. King Haakon of Norway, King George of Greece, and King Peter of Yugoslavia. Mrs. Roosevelt had her first look at German-occupied France—through a Navy officer's binoculars—on Oct. 30 from the white cliffs of Dovar, and according to London Associated Press accounts that day found it "very exciting to be so near the enemy."

In her first public address since returning from England, Mrs. Roosevelt said on Nov. 22 that the United States is still far from realizing the needs and privations that go with a total war effort. Speaking at a rally in Philadelphia, which officially opened the "Women - at - War Week," Mrs. Roosevelt said:

"Some people in this country will continue to spend money on themselves no matter what you do."

She contrasted this with the present situation in England, "where you simply can't buy things because they are not available."

She told her audience of 3,200 persons, that the campaign was "to focus the eyes of every woman on her duty of buying war bonds and stamps and of encouraging others to do likewise.

"This campaign involves the whole public, of course. But we hope that every individual woman will come to know that she has a job to do—a job that won't be finished until peace is signed."

Nelson Urges War Plants To Observe Christmas

Donald M. Nelson, Chairman of the War Production Board, on Nov. 27 expressed the hope that all war plants observe Christmas Day as a full holiday, and that after the holiday workers "drive ahead with increased energy for the increased production job of 1943." Mr. Nelson's statement follows:

"During this year of war there have been no full holidays in war production. With patriotic zeal, management and workers in our mines and factories have made even such traditional holidays as Independence Day and Labor Day days of steady unbroken production. It has been necessary to do this, because of the overwhelming need to turn out munitions and essential equipment in the greatest possible volume without delays or interruption, and the country has recognized this need and has met it.

"Now we come to the Christmas holiday. I believe that this day should be the one exception to the rule which has been observed thus far.

"More than ever before in our lives, I suppose, we need this year to pause from our labors on Christmas Day and think deeply and humbly about the faith by which we live, in order that from the profound promise of this day we may draw the hope and the vision which we must have. On the birthday of the Prince of Peace we can and should rest from the production of the weapons of war.

"Therefore, except for such maintenance and stand-by operations as are necessary for best productive efficiency, I hope that in all war plants where it can possibly be done Christmas Day this year will be observed as a full holiday. After the holiday, we must drive ahead with renewed energy for the increased production job of 1943—a bigger job than we have ever faced before."

On Nov. 17 Mr. Nelson called for a full day's production on Thanksgiving Day in all factories producing war goods or goods essential to the war economy, and in all mines and plants producing essential raw materials.

In a formal statement, Mr. Nelson said:

"No holiday has deeper roots in the American tradition than Thanskgiving Day. Year after year, it has been our custom to cease from work on that day and thank God for the blessings He has given us.

"We have been brought through many trials and perils during the past year; more than ever before, we can make this Thanksgiving Day a day of devout and humble thanks to God. But we can best show our gratitude by demonstrating that we deserve the mercies that have been shown us, and the way to do that is to work with all our might at the job which is before us.

"Therefore, in every factory which is producing war goods or goods essential to our war economy, and in every mine or plant where war-essential raw materials are being produced, we must have a full day's production on this Thanksgiving Day.

"Our enemies are not going to stop their production on Nov. 26; we dare not do so either. Men and women of management and labor alike can easily rearrange their personal schedules so that the traditional Thanksgiving dinner can be enjoyed after work has been finished. And the deepest religious devotion we have will find its truest expression in an unflagging attention to duty by all of us."

F. L. Carlisle Dies

Floyd L. Carlisle, Chairman of the Board of Consolidated Edison Co. of New York, Inc., and of Niagara Hudson Power Corp., died on Nov. 9 at the North Shore Hospital, Glen Cove., L. I., of an embolism. Mr. Carlisle was born in Watertown, N. Y., on March 5, 1881. His preliminary education was received in the public schools of Watertown and Dayton, Ohio. In 1903 he graduated from Cornell University, where he studied law. Mr. Carlisle was admitted to the New York State Bar in 1905, after studying law in the office of Brown, Carlisle & Hugo at Watertown, of which his brother, John N. Carlisle, was a partner. For several years thereafter he practiced as a member of that firm which later became Carlisle & Carlisle.

His first business venture was the organization of the Northern New York Trust Co. at Watertown, formed by the merger of two banks into one of the first trust companies in northern New York. Mr. Carlisle served as President of this bank from the time of its organization in 1910 until 1922. In 1916 Mr. Carlisle headed a group of business men who purchased control of the St. Regis Paper Co. He served first as Assistant Treasurer of this company and later as President: Mr. Carlisle had retained his interest in the St. Regis Paper Co. throughtout the years and at his death was Chairman of the Board.

Entering the public utility field in 1920, Mr. Carlisle played a prominent part in the organization in 1926 of the Northeastern Power Corp. and in the formation in 1929 of the Niagara-Hudson Power Corp.

Mr. Carlisle came to New York in 1921 to establish the investment banking firm of F. L. Carlisle & Co., which operated up to 1934. He was also formerly a director of the National City Bank of New York.

From the Consolidated Edison Co. it is learned:

"His first connection with the Consolidated Edison group came with his election as a Director of the New York Edison Co. in May. 1930. In February, 1931, he was made Chairman of the Board of Directors of New York Edison In May, 1930, he was elected a Trustee and in February, 1932, Chairman of the Board of Consolidated Gas Co. of New York, which later became the present Consolidated Edison Co. of New York. Mr. Carlisle was the guiding figure in the series of mergers of subsidiary companies into Consolidated Edison, which resulted in a greatly simplified corporate structure."

New Business Forum Inaugurated On Radio

A series of weekly broadcasts over Station WMCA, under the title of "Business Forum," were inaugurated by the Commerce and Industry Association of New York on Friday evening, Nov. 13, and are scheduled to continue for 13 weeks. The Forum begins at 8:04 p.m., immediately following the New York "Times" news summary, and will last until 8.30 o'clock. Subjects for the Forum discussion will be chosen on the basis of timeliness, relation to war and business — "To Foster the Trade and Welfare of New York," the Association's slogan.

The subject of the opening program on Nov. 13 was "New York's Wartime Transportation." The speakers were John L. Rogers, Assistant Director of the Office of Defense Transportation; F. E. Williamson, President, New York Central System; L. O. Head, President, Railway Express Agency, Inc., and Ted V. Rodgers, President, American Trucking Associations, Inc. Neal Dow Becker, President of the Commerce and Industry Association, was the moderator.

The subject of the second program on Friday, Nov. 20, was "New York's Wartime Food Front." The speakers were Daniel P. Woolley, Commissioner Department of Markets, New York City; Francis L. Whitmarsh, President Francis H. Leggett & Co. and Association Director, and Frank L. Andrews, President Hotel Association of New York and member Association's Convention Committee. President Becker acted as Moderator.

Chilean Support Hailed

President Roosevelt on Nov. 14 expressed deep appreciation of the assurances of Chilean support in regard to the North African offensive.

The President sent a message to President Juan Antonio Rios of Chile thanking him for his recent message approving the North African operations. The text of the message follows:

The White House,
Nov. 14, 1942.

His Excellency,
Juan Antonio Rios,
President of Chile, Santiago.

I am deeply appreciative of Your Excellency's message of wholehearted understanding of the military operations now in progress in North Africa. I was confident that the significance of this offensive not only in relation to the liberation of France from the domination of the Nazis but also to the security of the American republics as a whole would be enthusiastically appreciated by you and by the people of Chile.

The vast operations in which we have now engaged and the even more difficult offensives of the future make the assurances of Chilean support profoundly welcome. In this moment, in which the full support of free peoples everywhere is most urgently needed, the news of increased and more effective cooperation by Chile for the security of this hemisphere is most heartening.

I take advantage of this opportunity of renewing to you my sincere assurances of profound esteem and friendship.

FRANKLIN D. ROOSEVELT.

Alaska Highway Dedicated

The 1,600-mile Alcan highway, linking Alaska and Canada, was dedicated on Nov. 20 at a ceremony held at Soldier's Summit, overlooking isolated Kluane Lake in the St. Elias Mountain country. The road, built by Army engineers, will facilitate movement of troops and supplies to Alaska. Completion of the permanent road is expected within a year. The road construction, begun in March, was completed weeks ahead of schedule.

At the dedicatory ceremony, Brig. Gen. James A. O'Connor, commanding the Army's Northwest Service Command, made a speech praising the Canadian people and Government for their cooperation in helping to build the highway.

Messages from Prime Minister W. L. Mackenzie King of Canada, Vice-President Henry A. Wallace and Lieut. Gen. John L. DeWitt, commanding the United States Western Defense Command, also sent messages hailing the new highway.

Secretary of War Stimson announced on Oct. 29 that the 1,671-mile military road, extending from Dawson Creek, northwest of Edmonton, Alberta, Canada, to Fairbanks, Alaska, had been opened to traffic. It is stated that the actual opening was advanced from Dec. 1, the date set earlier this fall, when it was determined that the pioneer road could be used several months earlier than originally anticipated.

Secretary Stimson said that 10,000 soldiers and 2,000 civilians, under the direction of the Public Roads Administration, completed the Alaskan highway job in six months.

Approval of plans for construction of the road was reported in these columns of March 19, page 1158.

Secretary of the Interior Ickes has indicated his approval of a second highway linking the United States and Alaska, although the War and Navy Departments and the Director of the Budget have reported adversely on the proposal.

Under date of Nov. 4 advices from Yukon Territory, Canada, to the New York "Times" said in part:

Although the new Alaskan highway linking the United States with Alaska has been in use some time, the final link was not completed until the North and South crews met head-on in the spruce forests of the Yukon Territory yesterday.

The meeting occurred just 20 miles east of the Alaska-Yukon international boundary at Beaver Creek. Formal dedication ceremonies will take place Nov. 20, with high ranking military and civil officials of the United States and Canada in attendance.

Postmaster Urges Use Of Lightweight Stationery For Air Mail

Postmaster Albert Goldman of New York announced on Nov. 18 that the volume of air mail is constantly increasing, while at the same time, facilities for transporting it have been curtailed in order to move essential war material and personnel. Therefore, in order that space available for air mail may be utilized for the fullest advantage of the greatest number of persons, it is necessary that all cooperate by reducing the weight of air-mail letters and packages as much as possible, The announcement adds:

"By using light-weight envelopes and stationery (procurable generally through dealers) approximately twice the number of letters to the pound can be sent as when ordinary stationary is used. The limited space available for air mail in planes will thus be conserved for maximum use."

President Leads Thanksgiving Services

President Roosevelt on Nov. 26 led the nation-wide observance of Thanksgiving Day in an unprecedented White House service of song and prayer. The President opened the brief ceremony by reading the proclamation in which he asked that Thanksgiving and New Year's Day be observed in prayer. The Rev. Howard Wilkinson, rector of St. Thomas Episcopal Church, Washington, then led the President and governmental leaders in the responsive reading of the 103rd Psalm.

Attending the ceremony, which was broadcast nationally, were about 200 guests, including Supreme Court Justices, Congressional leaders, Cabinet members and leaders of the armed forces.

President Roosevelt on Nov. 11 proclaimed both Thanksgiving Day, Nov. 26, and New Year's Day, Jan. 1, as days to be observed in prayer.

The President began his proclamation with a quotation from the 92nd Psalm: "It is a good thing to give thanks unto the Lord," and also included in it the 23rd Psalm.

Mr. Roosevelt called on farmers to give thanks "for the greatest harvest in the history of our country" and to resolve to do all possible to pass that record next year. At the conclusion of his proclamation, the President urged all to "turn again to the work that confronts us in this time of national emergency."

The text of the President's proclamation follows:

DAYS OF PRAYER: THANKSGIVING DAY AND NEW YEAR'S DAY

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A Proclamation

"It is a good thing to give thanks unto the Lord." Across the uncertain ways of space and time, our hearts echo those words, for the days are with us again when, at the gathering of the harvest, we solemnly express our dependence upon Almighty God.

The final months of this year, now almost spent, find our Republic and the nations joined with it waging a battle on many fronts for the preservation of liberty.

In giving thanks for the greatest harvest in the history our nation, we who plant and reap can well resolve that in the year to come we will do all in our power to pass that milestone; for by our labors in the fields we can share some part of the sacrifice with our brothers and sons who wear the uniform of the United States.

It is fitting that we recall now the reverent words of George Washington:

"Almighty God, we make our earnest prayer that Thou wilt keep the United States in Thy holy protection," and that every American in his own way lift his voice to Heaven.

I recommend that all of us bear in mind this great Psalm:

"The Lord is my shepherd: I shall not want.

"He maketh me to lie down in green pastures; He leadeth me beside the still waters.

"He restoreth my soul; He leadeth me in the paths of righteousness for His name's sake.

"Yea, though I walk through the valley of the shadow of death, I will fear no evil; for Thou art with me; Thy rod and Thy staff, they comfort me.

"Thou preparest a table before me in the presence of mine enemies; Thou anointest my head with oil; my cup runneth over.

"Surely goodness and mercy shall follow me all the days of my life: and I will dwell in the house of the Lord forever."

Inspired with faith and courage by these words, let us turn again to the work that confronts us in this time of national emergency; in the armed services and the Merchant Marine; in factories and offices; on farms and in the mines; on highways, railways and airways; in other places of public service to the nation; and in our homes.

Now, therefore, I, Franklin D. Roosevelt, President of the United States of America, do hereby invite the attention of the people to the joint resolution of Congress approved Dec. 26, 1941, which designates the fourth Thursday in November of each year as Thanksgiving Day; and I request that both Thanksgiving Day, Nov. 26, 1942, and New Year's Day, Jan. 1, 1943, be observed in prayer, publicly and privately.

In witness whereof, I have hereunto set my hand and caused the seal of the United States of America to the affixed.

Done at the City of Washington this eleventh day of November in the year of our Lord nineteen hundred and forty-two, and of the independence of the United States of America the one hundred and sixty-seventh.

FRANKLIN D. ROOSEVELT.

By the President:
Cordell Hull, Secretary of State.

Calls On CIO For Aid To Prevent Inflation

President Roosevelt, in a message read to the annual convention of the Congress of Industrial Organizations at Boston on Nov. 9, called on the members for continued cooperation in carrying out the programs necessary for the national effort, particularly those having to do with preventing inflation.

The President's letter, addressed to CIO President Philip Murray, follows:

"My Dear Mr. Murray:

"Let me thank you sincerely for your invitation to speak at the Congress of Industrial Organizations in its annual convention, and let me assure you of my very deep regret that the responsibilities and duties which I have at this time of emergency are such that I cannot accept and be with you. Will you convey to your membership this regret and express my interest in all that you will do at your convention?

"My recent visit to industrial areas throughout the country has given me new insight into what labor is doing to fulfill its part in winning the war. The picture is most encouraging. The extraordinary skill and speed of the American workman, the intelligence and capacity for cooperation with management, with each other and with the Government, shown by the wage earners of America is bound to be astonishing and satisfactory, even to one who, like myself, always expected that every working man and every labor union would do full duty in the production program.

"Through you I should like to thank all the members of the organizations affiliated with the Congress of Industrial Organizations for what they personally are doing and to invite their further cooperation and effort in the days ahead. We have built a vital and tremendous industrial production structure and program. It is working. Now we have to show the endurance, the tenacity and the persistence necessary to continue this program and extend it, even if faced with fatigue and discouragement. I count on the members of your organization to help in carrying out all the programs that are necessary for our national effort, and particularly those programs that have to do with preventing inflation, with sharing our customary good living with others, in order that the world may be safe for liberty and human betterment. In particular, I expect your members to help in carrying out the spirit of the executive order that deals with wage stabilization, with rationing, with price controls, and with other economic measures for the domestic security, as well as the pursuit of the war. I am sure that this cooperation will be forthcoming generously.

"With many thanks for your invitation, I am sincerely yours,

"FRANKLIN D. ROOSEVELT."

NWLB Allows Bonus Payments On Salaries

The National War Labor Board announced on Nov. 6 that a bonus, fee, gift, commission or other form of compensation customarily paid employees can be continued in the future without approval by the Board with two provisos:

(1) If it is a fixed amount, the total amount paid during the current bonus year must not exceed the total paid an employee for like work during the preceding bonus year.

(2) If it is computed on a percentage, incentive or similar basis, the rate and method of computation may not be changed during the current bonus year unless they yield no more than they did during the preceding year. The employee may receive a greater amount during the current bonus year only if the rate and method of computation are not changed in the current bonus year.

For instance, suppose an employee last year received a bonus of 5% on a salary of $2,500. This year his salary is $3,000. His employer can continue to pay him a 5% bonus on this year's salary without approval by the Board even though the amount of the bonus increased from $125 to $150. The Board's announcement adds:

"This action came in the form of General Order No. 10, which was unanimously approved by the Board. This general order covers only the compensations for those whose wages or salaries are under the jurisdiction of the Board. The Board has jurisdiction over all wages and over salaries under $5,000, except for supervisory or professional employees.

"At the same time the Board issued amendments to General Orders Nos. 1 and 6, which have the effect of applying those orders to salaries over which the Board has jurisdiction. Originally these orders applied only to wage rates.

"General Order No. 1 directs that all increases approved by the Board prior to Oct. 3 should be put into effect. General Order No. 6 prohibits employers from paying employees more than the rate existing in the plant for that type of work without Board approval. If there are no established rates, as in the case of new plants, the rate fixed shall not be in excess of that which prevails for similar classifications within the areas."

OPA Price Ceiling On Building And Repair Jobs

Specialized price control for the nation's construction industry, establishing ceilings for work on the smallest household repair job to the biggest construction project, went into effect on Nov. 5 in accordance with a regulation issued by the Office of Price Administration.

According to the Associated Press the new regulation covers all construction and maintenance services and sales in which contractors, builders, installers and erectors furnish building or industrial equipment or materials together with labor required for actual construction, installation or service. From the same advices we quote:

"Ceilings established by the ruling, OPA said, are the equivalent of those generally in effect during March, 1942, adjusted for increase in labor costs between March 31, 1942, and July 1, 1942.

"The new regulations are designed to maintain the March, 1942, price level, except to allow for increased labor costs, to provide a workable means for determining maximum prices at this level and to maintain a constant observation of prices of construction not already under the control of other Governmental agencies OPA said.

"Included in the regulation are such jobs as the stringing of new telephone and power lines, and the construction of sewers and streets. Ceilings are established also on ordinary household service jobs by plumbers, carpenters and electricians.

"The regulation covers all construction and repair work done by the job, but does not apply to the wages of persons performing these jobs. Thus, a roofing contractor who named a price for the entire job is covered by the regulation, but if the householder bought the roofing material and employed a roofer to lay it, the roofer would not be subject to the regulation.

"Every contract entered into, except those of $500 or less, must be filed with OPA within ten days after the award of the contract.'

American Army Lands In French Africa

President Roosevelt announced on Nov. 7 that a powerful American force had landed on the Mediterranean and Atlantic coasts of the French colonies in Africa, designed to forestall an invasion of Africa by Germany and Italy and to provide an effective second front assistance to Russia.

The President's statement was released at 9 p.m. (EWT), simultaneously with the actual landings and the War Department's communique telling of the invasion. Also, at the same time, a recording of an address by President Roosevelt to the French people was broadcast by short-wave from stations in the United States and Great Britain.

In his statement, the President explained that the landing of the American Army was being assisted by the British Navy and air forces and would soon be reinforced by a "considerable number of divisions of the British Army." The combined Allied force is under the command of Lieut. Gen. Dwight D. Eisenhower, who last June was placed in charge of the European theater of operations for United States forces.

President Roosevelt further pointed out that the landings are designed "to deny the aggressor nations a starting point from which to launch an attack against the Atlantic coast of the Americas."

He called on the French Government and people to assist the American expedition "in its effort to repel the German and Italian international criminals, and by so doing, to liberate France and the French Empire from the Axis yoke."

The text of the President's announcement follows:

"In order to forestall an invasion of Africa by Germany and Italy, which, if successful, would constitute a direct threat to America across the comparatively narrow sea from western Africa, a powerful American force equipped with adequate weapons of modern warfare and under American command is today landing on the Mediterranean and Atlantic coasts of the French colonies in Africa.

"The landing of this American army is being assisted by the British Navy and air forces and it will, in the immediate future, be reinforced by a considerable number of divisions of the British Army.

"This combined Allied force, under American command, in conjunction with the British campaign in Egypt, is designed to prevent an occupation by the Axis armies of any part of northern and western Africa, and to deny the aggressor nations a starting point from which to launch an attack against the Atlantic Coast of the Americas.

"In addition, it provides an effective second-front assistance to our heroic allies in Russia.

"The French government and the French people have been informed of the purpose of this expedition, and have been assured that the Allies seek no territory and have no intention of interfering with the friendly French authorities in Africa.

"The Government of France and the people of France and the French possessions have been requested to cooperate with and assist the American expedition in its effort to repel the German and Italian international criminals and by so doing to liberate France and the French Empire from the Axis yoke.

"This expedition will develop into a major effort by the Allied Nations and there is every expectation that it will be successful in repelling the planned German and Italian invasion of Africa and prove the first historic step to the liberation and restoration of France."

Lend-Lease Aid In Egypt Told By FDR

President Roosevelt reported on Nov. 9 that lend-lease equipment contributed importantly to the British victory in Egypt. While the President had pointed out on Nov. 6 that less than half of the British Army's equipment was American, he issued a report showing that since the beginning of lend-lease total shipments to the Egyptian fighting zone amounted to $636,952,000.

The report, made to President Roosevelt by Edward R. Stettinius Jr., Lend-Lease Administrator, covered exports from March, 1941, through September, 1942, and included lend-lease munitions and other products and direct purchases. The $636.952,000 total was broken down as follows: Ordnance, $130,058,000; aircraft, excluding flyaways, $164,149,000; tanks, $88,239,000; motor vehicles, $73,113,000; miscellaneous manufactures, $74,606,000; agricultural products, $33,687,000, and industrial materials, $73,100,000.

The bulk of these shipments, it was pointed out, took place in the last nine months, during which the United States shipped to Egypt more than 1,000 planes, "many hundreds of tanks," of which more than 500 were of the medium type, 20,000 trucks and hundreds of pieces of artillery.

In releasing the report, Mr. Roosevelt made this formal statement:

"While we must not overlook the fact that the larger part of the equipment used in Egypt is of British origin, we have a right to be proud that so much and such excellent equipment from American factories and shipyards contributed to the victory. In particular we should be gratified by the performance of American-made tanks.

"From the enactment of the Lend-Lease Act this country has proceeded on the policy that in giving the tools of war to the nations fighting the Axis we are aiding ourselves just as surely as if those tools were in the hands of American soldiers. Since we ourselves became involved in the war we have known that our own armed forces must also take part in the fight, but we have not swerved from our policy of the maximum possible aid to our allies.

"In the Egyptian campaign we can see the vindication of the lend-lease idea. We propose to continue to expand our lend-lease aid to all of our allies until complete victory is achieved."

Nothing In Anti-Trust Legislation Warrants Postponing Associated Press Suit Says Biddle

The stand that there is nothing in the recent anti-trust legislation which would warrant the deferring of the Government's suit against the Associated Press is taken by Attorney General Biddle. The latter's advices in the matter are contained in a letter addressed to Representative Cole (Republican) of New York, who, in a communication to the Attorney General in October, stated that the announcement of the prosecution of the Associated Press "has caused a great deal of grave concern to those who are most serious about the prosecution of this war;" in part, Representative Cole added:

"I feel it can safely be said that when the Congress passed the Act suspending the statute of limitations it was intended that these prosecutions would actually be held in abeyance. I cannot urge upon you too strongly that your department view this case from the standpoint of its effect on the war and the nation generally, rather than the particulars of the case itself."

In advices from Washington Nov. 9 the Associated Press had the following to say as to messages which have since passed between Mr. Biddle and Representative Cole:

"Representative Cole originally had suggested that the suit be dropped for the duration in the interests of economic unity. In reply Mr. Biddle mentioned public law 603 authorizing suspension of anti-trust cases if such action is certified by the War Production Board to be needed in the prosecution of the war. The A. P. case, said Mr. Biddle, does not come into this category.

"But, Representative Cole replied to this argument, the statute under which he advocated suspension of the suit was public law 740, which permits suspending of time limitations on trying anti-trust cases.

" 'The government's position cannot possibly be prejudiced' by delaying the suit under provisions of this law, the New York Representative wrote.

"Mr. Biddle referred to the suit as 'one which, in our judgment, should be instituted.' "

Mr. Biddle's letter read as follows:

"I was interested in your letter of Oct. 22, relating to the civil suit which the government recently instituted against the Associated Press and its members.

"You state that you do not wish to discuss the merits; therefore, I shall not go into them, but shall assume, which I believe to be the case, that there is a violation of law.

"The matter, therefore, comes down to one of policy. For that we must look first to the Congress; no statute has been passed which forbids the Department of Justice to enforce the anti-trust laws.

"It is true that under Section 12 of the Act of June 11, 1942 (Public Law No. 603, 77th Congress, second session), conduct which would otherwise be violative of the anti-trust laws, cannot be made the basis of prosecution under those acts if such conduct is certified by the Chairman of the War Production Board to be requisite to the prosecution of the war. This is not such a case, but one which in our judgment should be instituted."

Acknowledging the Attorney General's letter, Mr. Cole cited another recent law, Public 740, approved by the President Oct. 10, 1942, which permits suspension of time limitations on trying anti-trust cases.

The text of Mr. Cole's letter in replying to Mr. Biddle, was as follows:

"I appreciate your early response to my letter questioning the advisability of prosecuting the anti-trust suit against the Associated Press. At that time I suggested that since the Congress had recently passed legislation suspending the operation of the statute of limitations in cases of this nature it was inferentially intended that these cases should be suspended where prosecution of them might interfere with the war effort.

"In your reply you mentioned the Act of June 11, 1942, relating to anti-trust suits, and asserted that this law does not govern the Associated Press litigation. The statute to which I made reference was approved by the President, Oct. 10, 1942, Public 740, adopted by the Congress unanimously and providing as follows:

" 'Be it enacted, etc., that the running of any existing statute of limitations applicable to violation of the anti-trust laws of the United States, now indictable or subject to civil proceedings under any existing statutes, shall be suspended until June 30, 1945, or until such earlier time as the Congress by concurrent resolution or the President may designate. This Act shall apply to acts, offenses or transactions where the existing statute of limitations has not yet fully run, but it shall not apply to acts, offenses or transactions which are already barred by the provisions of existing laws.

" 'Sec. 2. That this Act shall be in force and effect from and after the date of its passage.'

"I reiterate my intention to not question the merits of the litigation, but reassert that I entertain serious doubts of the advisability of pressing the suit at this time when complete harmony and cooperation from all phases of our economic life are so essential to victory. Certainly the government's position cannot possibly be prejudiced by suspension of the suit under the provisions of Public 740."

A reference to the contention by Representative Michener that the Associated Press is not a monopoly, appeared in our Nov. 5 issue, page 1643.

Spain And Portugal Reassured By FDR

The White House revealed on Nov. 8 that President Roosevelt had sent messages to the leaders of Spain and Portugal reassuring them that the presence of American troops in French North Africa did not in any manner constitute a threat to either country.

In a letter to Gen. Francisco Franco, Spanish Chief of State, the President said that these moves are not directed against the Government or the people of Spain and expressed the belief that both the Spanish Government and people "wish to maintain neutrality and to remain outside the war." He added: "Spain has nothing to fear from the United States."

The President in his letter to the President of Portugal, Gen. Antonio de Fragoso Carmona, stated that "your country should have no fear of the motives of the United Nations."

The letter to General Franco was as follows:

"Dear General Franco:

"It is because your nation and mine are friends in the best sense of the word, and because you and I are sincerely desirous of the continuation of that friendship for our mutual good, that I want very simply to tell you of the compelling reasons that have forced me to send a powerful American military force to the assistance of the French possessions in North Africa.

"We have accurate information to the effect that Germany and Italy intend at an early date to occupy with military force French North Africa.

"With your wide military experience you will understand clearly that in the interest of the defense of both North America and South America it is essential that action be taken to prevent an Axis occupation of French Africa without delay.

"To provide for America's defense I am sending a powerful army to the French possessions and protectorates in North Africa with the sole purpose of preventing occupation by Germany and Italy, and with the hope that these areas will not be devastated by the horrors of war.

"I hope you will accept my full assurance that these moves are in no shape, manner or form directed against the Government or people of Spain or Spanish territory, metropolitan or overseas. I believe that the Spanish Government and the Spanish people wish to maintain neutrality and to remain outside the war. Spain has nothing to fear from the United Nations.

"I am, my dear General,
"Your sincere friend,
"FRANKLIN D. ROOSEVELT."

Following is the letter to President Carmona of Portugal:

"My dear Mr. President:

"The Republic of Portugal and the United States of America have long enjoyed the full and complete friendship of each other. Because of this great friendship, and our mutual desire to insure its continuation, I desire to relate to you the urgent reasons that have compelled me to despatch to the assistance of the friendly French possessions in North Africa a strong army of the United States.

"I have been advised by very reliable sources of information that in the near future it is the intention of Germany and Italy to occupy the French North African colonies with a large military force.

"I know that it will be quite clear to you that prompt and effective action should be taken to deter such an attempt by the Axis nations, with its inherent danger to the defenses of the Western Hemisphere.

"To forestall occupation by the Axis nations of the French North African possessions and protectorates, and thus to insure the defense of American nations, is the only reason which prompts the despatch of powerful United States forces to the area. It is hoped that French North Africa will not suffer in any way from the destruction of war on its own soil.

"I desire to reassure you fully that the presence of American military forces in French North Africa presages in no manner whatsoever a move against the people or government of Portugal or against any of Portugal's continental or island possessions. Since I realize that Portugal really desires above all else to avoid the horrors and devastation of war, I hope that you will accept my solemn assurance that your country should have no fear of the motives of the United Nations.

"I am, my dear Mr. President,
"Your sincere friend,
"FRANKLIN D. ROOSEVELT."

Cordial replies to the President's assurances have been received by Mr. Roosevelt from General Franco of Spain and General Carmona of Portugal. The White House made public the Portuguese reply on Nov. 12 and the Spanish response on Nov. 14. The text of General Franco's letter to President Roosevelt reads:

"My dear Mr. President:

"I have received from the hands of your Ambassador the letter in which, actuated by the relations of friendship which unite our people, and which in their benefit should be preserved, you explain to me the reasons which induced Your Excellency to send troops of the American Army to occupy the territories of the French possessions and protectorates in North Africa.

"I accept with pleasure and I thank you for the assurances which Your Excellency offers the Government and the people of Spain to the effect that the measures adopted are not in any manner directed against their interests, or against their territories, metropolitan or overseas, or against the protectorate in Morocco, and I confidently hope that the relations among the Moroccan people of both zones likewise will in the future be maintained in the same spirit of peace and reciprocal confidence which have characterized them up to now.

"I can assure you that Spain knows the value of peace and sincerely desires peace for itself and for all other peoples.

"On this occasion I am pleased to reciprocate the same friendly sentiments you expressed to me and to express my intention of avoiding anything which might disturb our relations in any of their aspects, and I reiterate with a salutation the expression of my personal esteem and sincere friendship."

The text of the Portuguese President's letter follows:

"Nov. 12, 1942.

"Mr. President:

"I received from the hands of His Excellency the United States Minister the message with which Your Excellency honored me, conveying to me the motives for the military operations undertaken in French North Africa.

"In the same message it was Your Excellency's wish in view of that new fact again to assure me categorically that the presence of military American forces in the north of Africa does not forebode any attempt against the people and Government of Portugal or against continental or insular Portugal.

"I do not wish to lose any time in thanking Your Excellency for the friendly tenor and spirit of your communication and further for the solemn assurances that my country has nothing to fear from the intentions of the United States, which is another proof of the unalterable and confident friendship existing between our two nations.

"The Government and the people of Portugal learned with sincere appreciation of the contents of the message and join me in conveying to Your Excellency the thanks and the wishes I hereby express for Your Excellency's personal prosperities and those of your people.

"GENERAL CARMONA,
"President of the Republic of Portugal."

Elected Directors Of N. Y. Reserve Bank

Beardsley Ruml, Chairman of the Board of the Federal Reserve Bank of New York announced on Nov. 17 that Warren W. Clute, Jr., President of the Glen National Bank of Watkins Glen, Watkins Glen, N. Y., was elected by member banks in Group 3 as a Class A Director of the bank, and that Carle C. Conway, Chairman of the Board of the Continental Can Co., Inc., New York, N. Y., was reelected by member banks in Group 3 as a Class B Director. Each was chosen for a term of three years beginning Jan. 1, 1943. Mr. Clute succeeds Neil H. Dorrance, President of the First National Bank and Trust Co., Camden, N. Y.

The banks in Group 3 consist of those with capital and surplus of $300,000 and less. Nomination of these directors was referred to in our issue of Nov. 12, page 1728.

Pan-American Jurists Propose World Order

A Western Hemisphere pattern for the post-war world has been drawn by the Inter-American Juridical Committee, made up of experts representing the 21 American Republics, by which regional organizations would be constituted as an integral part of a new League of Nations, to recognize special needs of nations joined by natural bonds of solidarity and common interests. The Pan American Union at Washington, under date of Nov. 4, indicated that the proposal was embodied in a 22-page report submitted to the Governing Board of the Pan American Union at its meeting on Nov. 4 in Washington, in conformity with Resolution XXV of the Rio de Janeiro Meeting of Foreign Ministers. The proposal will be transmitted to the American Governments for observation and comment. The announcement issued in the matter said:

"The report recommends the organization of an international community on the basis of the cooperation of all nations, with 'no nation privileged to remain aloof from the organization.' Such an international community of nations, the experts agreed, 'must be so constituted as to reconcile the principle of universality of membership with the existence of regional groups formed by natural bonds of solidarity and common interests.'

"Other salient points of the report stipulated that 'nations have a common and joint obligation to watch over the observance of the fundamental principles of international law, and they must assume a collective responsibility for the maintenance of peace and order.' It called, also, for the repudiation of force for the settlement of disputes, and the unqualified obligation to settle differences by peaceful methods.

"The proposal further recommended that the period of transition between the close of the war and the establishment of the international organization 'must not be prolonged beyond the time that is strictly necessary' and must be governed by the same principles upon which the organization itself is to be based.

"Abandonment of the system of a balance of power was also projected by the Juridical Committee, together with a limitation of armaments. 'The manufacture of munitions of war should be an exclusive function of the State,' they stated, 'the private manufacture of arms being opposed to the general security.'

"Political and economic imperialism, in the form of control over weak nations and undeveloped countries, must be abandoned, while political and economic nationalism must likewise be eliminated, the report added.

"The report concluded with the proposal that through raising the standard of living by means of the organization of national industries to meet the needs of all people and not merely those of privileged groups, the social factors of war could be eliminated."

The report was transmitted to the Pan American Union from the Committee's headquarters at Rio de Janeiro and was signed by the members: Afranio de Mello Franco, F. Nieto del Rio, Charles G. Fenwick, Carlos E. Stolk and P. Campos Ortiz.

At the meeting of the Governing Board on Nov. 4, Secretary of State Cordell Hull was reelected Chairman of the Board for the 10th consecutive year, the longest period the post has been held by an individual. The Ambassador of Bolivia, Dr. Luis Fernando Guachalla, was named Vice-Chairman, succeeding the Ambassador of Venezuela, Dr. Diogenes Escalante.

Nelson Foresees Long War But Declares Our Economy Vital & Flexible Enough To Survive

Warning against over-optimism on war developments, Donald M. Nelson, Chairman of the War Production Board, said on Nov. 12 that "there is no present reason to suppose that this is going to be a short war," but he asserted that the American economy was sufficiently vital and flexible to crush the enemy without itself breaking down in the process.

In an address before the Association of National Advertisers Conference in New York, Mr. Nelson said:

"It has a greater adaptability than our enemies dreamed; greater, I suppose, than we ourselves suspected."

His further remarks were reported by the Associated Press as follows:

He said the peace-time distributive and marketing machinery had found a vital, although vastly different, role in the war economy and could help cushion the conversion to an all-out war effort.

Through it, he added, "our basic structure can be preserved and kept sound for the years of peace and prosperity which lie ahead."

Mr. Nelson declared that advertising was an essential part of our communications system, adding:

"We dare not destroy or cripple that communications system in war-time, and we have no remotest desire to do so."

He said he saw "no reason why any man should assume, now, that no scope is going to be left for the free exercise of his talents; I see no reason to assume that the field is going to tighten up so much that advertising will not still have an important job to do in the distribution of goods."

"While in ordinary times it is advertising which provides the urge for mass production," he said, "today it is the war itself which provides that urge. Advertising has nothing to do with it, and the vital role which it ordinarily fills is denied to it for the duration of the emergency."

The civilian economy, he continued, must be kept sound since a wobbly economy could not carry a huge war program "any more than a half-starved man can do a heavy day's labor."

He declared that some of the things that must be done to win the war would give businessmen "some severe headaches," adding that one of them came in connection with concentration of industry.

Revealing that the WPB was "preparing a complete program for the production of civilian goods in America during the coming year," he declared that industry would be "consulted in the formation of this program. Every effort will be made to get a well-rounded opinion before we act."

At the Nov. 12 dinner session of the conference, William M. Jeffers, Rubber Administrator, appealed to the advertising and publishing profession to help give the public a complete picture of the rubber situation. Mr. Jeffers stated:

"If you will think of the public reaction in its national sense each time you write or talk about rubber, there will be no confusion and if there is no confusion the American people will go along with the rubber conservation program 100%."

The findings of a nation-wide survey on the public's attitude toward advertising was presented by Dr. Henry C. Link, Vice-President of the Psychological Corp. He summarized them in the following eight points:

1. A growing confidence in the part that advertising is playing and can play in the war effort.
2. While the public is appreciative, it is also critical, as shown by its discrimination between different types of advertisement.
3. The public approves of scrap and war-bond campaigns.
4. It believes that the Army-Navy "E" award advertisements contribute to morale and the war effort.
5. The public's belief that industry is doing a good job to help win the war is higher than ever.
6. People want advertising to tell them about regular products, but above all about how to conserve what they have.
7. They want companies to tell them about their war production, but without too much boasting.
8. The public continues to expect from advertisers inspiration and a vision of the future for which we are fighting.

Paul B. West, President of the Association, said that the country has reached a point in the war effort at which "recognition must be given to the distribution, marketing and advertising side" of economy.

Heretofore, Mr. West said, "all emphasis, in Washington and in business, has been on production.

"Conversion of industry to the manufacture of war materials, limitations, concentration, rationing, all these and many other necessary war measures have dislocated the production and flow of civilian goods.

"This is now beginning to cut deeply and may dangerously impair the machinery of distribution, marketing and advertising on which our civilian economy and therefore our whole war effort is dependent."

Hails Anniversary Of Jewish Seminary

In congratulating the Jewish Theological Seminary of America on its 55th anniversary, President Roosevelt declared, in a letter made public Nov. 12, that an enduring peace and freedom for the world, after a United Nations' victory "must be founded on renewed loyalty to the spiritual values inherent in the great religious traditions."

The President's letter, addressed to Rabbi Louis Finkelstein, President of the Seminary, was read at a dinner at the Waldorf-Astoria Hotel in New York City. The President's letter follows:

THE WHITE HOUSE,
Washington,
Oct. 27, 1942.

Dear Dr. Finkelstein:

The 55th anniversary of the Jewish Theological Seminary of America is an occasion for congratulation not only to the members of your faculty, board of directors, alumni and others associated with the institution, but the community. Of special importance today is the emphasis which your teachers and graduates place on the intimate relationship between religious traditions deriving from the prophets of Scripture and the democratic ideals for which we are struggling in the present world conflict.

If the world to emerge from the war after a victory of the United Nations is to be a world of enduring peace and of freedom, that peace and that freedom must be founded on renewed loyalty to the spiritual values inherent in the great religious traditions which have saved mankind from degradation in the past and which offer the greatest promise for civilization in the future.

The enemies of mankind who are arrayed in battle against us realized this, and therefore began their effort to subdue the world with an assault on religious institutions. It has become an attack upon all monotheistic religions and the principles which they have taught mankind—the dignity and worth of human personality, the value of reason and truth, the blessedness of mercy and justice.

The seminary has made impressive efforts to study the problems of relationships among men of different faiths. Never has it been more important for the lovers of freedom to work harmoniously together in mutual understanding.

The Institute for Religious Studies, established at the seminary and conducted in cooperation with Catholic, Jewish and Protestant scholars, is an important symbol of national solidarity. It will in time, I trust, become an increasingly powerful instrument for enlightening men of all faiths regarding the basic values of each other's doctrine and practice and their common responsibility for the development of democratic civilization.

In the difficult days before us all, I hope that the seminary and those within the wide circle of its influence will continue to carry on their work for our country and for religious faith.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Rabbi Louis Finkelstein,
Jewish Theological Seminary of America,
New York, N. Y.

Albig To Retire From ABA

W. Espey Albig, Deputy Manager of the American Bankers Association in charge of its Savings Division, will retire at the end of this year, it was made known on Nov. 10 by W. Linn Hemingway, President of the A. B. A., who is President of the Mercantile-Commerce Bank and Trust Co., St. Louis. Mr. Albig has been associated with the American Bankers Association for the past 18 years, having joined it as Deputy Manager and Secretary of its Savings Division in 1924. He has now reached the age for retirement prescribed by the Association's retirement system. Mr. Albig is a native of Pennsylvania, was educated in its school system, and is a graduate of Pennsylvania Teachers College and West Virginia University. In addition, he did graduate work at the University of Pittsburgh and at Harvard University. He taught in the schools of western Pennsylvania for a number of years. As a result of his activities in organizing liberty loan campaigns in western Pennsylvania during World War No. 1, he became associated with the United States Chamber of Commerce, from which organization he came to the A. B. A.

In addition to serving as Secretary of the Savings Division, Mr. Albig has been Secretary of the Association's Commerce and Marine Commission, and the A. B. A. Foundation for Education in Economics, for which he helped to raise the funds established in 1925 in celebration of the 50th anniversary of the American Bankers Association. Since January 1934 he has been Secretary of the A. B. A. Membership Committee, during which period the membership has risen from 64% of all the banks in the country to more than 87%. Mr. Albig has been a close student of the savings business and is author of a number of articles and brochures on savings banking subjects. He was co-author of a book on the railroad situation published in 1932 called, "Stop, Look and Listen." Mr. Albig's friends are planning to tender him a dinner at the Waldorf-Astoria Hotel in New York City on Dec. 11 as a token of their esteem and in recognition of his long service to the savings banking business.

ABA Supports Treasury Program For Distribution Of Government Securities

Support of the American Bankers Association for the Treasury Department's plans for distribution of government securities has been announced by W. L. Hemingway, President of the Association, in a letter to the ABA membership. Mr. Hemingway is President of the Mercantile-Commerce Bank & Trust Co. in St. Louis.

In his letter, made public Nov. 20, the ABA President urged upon the banks "all-out aid" for the work of the Victory Fund Committees in their respective communities. Mr. Hemingway stated in part:

"As we all know, the money required to win the war must and will be raised, but it should be raised in a way which will put the least strain on the nation's economic structure and have the least inflationary effect. This means that as much as possible of the necessary revenue should be secured through taxation and through the sale of Government securities outside of the banking system. If such a program is to be successful, it must have the active support of the banks.

"We have received many compliments on our splendid job in the selling of War Savings Bonds to the public. But it is not expected that War Savings Bonds alone will finance this war. A still larger volume of these and other Government obligations must be taken by non-bank investors.

"This has seemed so important to the officers of the Association that we offered our services to the Secretary of the Treasury and appointed a special committee to consider what we might do as an Association to cooperate with him to bring about the necessary distribution of Government securities. This committee met in Washington last week at the invitation of the Secretary and held a series of conferences. Upon the recommendation of this committee the officers of your Association have stated to the Secretary that we will undertake to give all-out aid and we urge our members to go the limit in supporting the work of the Victory Fund Committees in the sale of Government securities to the public.

"But after all when the public has taken all the bonds that it will take, then the Treasury must look to the banks. Therefore, we strongly recommend that you employ your surplus funds by investing in Government securities and that you take your full share of future issues in some general relationship to your size.

"In order to discuss with you in more detail the ways and means of accomplishing these objectives and to answer the numerous questions that will undoubtedly occur to many of you regarding this program, a booklet is being prepared on the subject. A copy will be mailed to every member of the Association shortly. When you receive it I earnestly urge you to read it carefully and give the subject the consideration that it deserves."

The special committee appointed by Mr. Hemingway includes:

Mr. Hemingway, Chairman;

Edward E. Brown, President, the First National Bank of Chicago;

W. Randolph Burgess, Vice-Chairman of the Board, the National City Bank of New York;

Robert V. Fleming, President, Riggs National Bank, Washington, D. C.;

William C. Potter, Chairman of the Executive Committee, Guaranty Trust Co. of New York;

Thomas M. Steele, President, First National Bank & Trust Co. of New Haven, New Haven, Conn.;

Robert Strickland, President, Trust Company of Georgia, Atlanta, Ga.;

W. H. Wood, President, American Trust Co. of Charlotte, N. C.;

A. L. M. Wiggins, President, Bank of Hartsville, Hartsville, S. C., Vice-President, American Bankers Association;

Harold Stonier, Executive Manager, American Bankers Association, Secretary.

Willkie Defends Right To Criticize War Conduct—Urges Laying Basis Now For Economic Freedom

Wendell Willkie on Nov. 17 called for frank discussion as to the desires and needs of the Allied peoples "so that we may all come into substantial agreement concerning what we are fighting for" and appealed for more working together with all the Allies in order to win both the war and the peace.

As to the goals to the accomplishment of real freedom, the 1940 Republican Presidential candidate who spoke before the New York "Herald Tribune" Forum, stated:

"We should work today to make available presently to all the United Nations and, when the war is over, to all the world, access to the materials indispensable to economic self-development. This cannot be accomplished by mere declarations of our leaders, as in an Atlantic Charter, particularly when one of the two principals to that instrument has in the last few days seemingly defended the old imperialistic order and declared to a shocked world, 'We mean to hold our own.' Its accomplishment depends primarily upon acceptance by the peoples of the world. For if the failure to reach international understanding after the last war taught us anything it taught us this: Even if war leaders apparently agree upon principles, when they come to the peace item—they make their own interpretations of their previous declarations. So unless today, while the war is being fought, the people of the United States and of Great Britain, of Russia and of China and of all the other United Nations, fundamentally agree on their purposes, fine and idealistic expressions of hope such as those of the Atlantic Charter will live merely to mock us as have Mr. Wilson's Fourteen Points. The four freedoms will not be accomplished by the declarations of those momentarily in power. They will become real only if the people of the world forge them into actuality. And political internationalism alone will not accomplish them. Real freedom must rest on economic internationalism. . . .

"There is another economic condition about which we must be thinking, for it is the most necessary of all goals to the accomplishment of real freedom. Not only must people have access to what other peoples produce, but their own products must in turn reach men all over the world. There will be no peace, there will be no real development, there will be no economic stability unless we find the method by which the trade barriers hampering the flow of goods are removed. I know there are many men, particularly in America, where our standard of living exceeds the standard of living in the rest of the world, who shudder at such a project, who believe that any such process will only lessen our own standard of living. The reverse of this is true."

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Dec. 1	116.78	107.27	116.80	113.89	108.88	91.77	96.54	111.81	114.27
Nov. 30	116.78	107.27	116.80	113.89	108.88	91.91	96.69	111.81	114.46
28	116.78	107.27	117.00	113.89	108.70	91.91	96.69	111.81	114.46
27	116.85	107.27	117.00	113.89	108.88	91.91	96.54	112.00	114.66
26				Exchange Closed					
25	116.99	107.44	117.00	114.08	108.88	92.20	96.85	112.00	114.66
24	117.06	107.44	117.00	114.27	108.88	92.20	96.85	112.00	114.66
23	117.21	107.44	117.00	114.27	108.88	92.35	97.00	112.00	114.66
21	117.24	107.44	117.00	114.27	108.70	92.50	97.00	112.00	114.66
20	117.30	107.44	117.00	114.27	108.70	92.50	97.00	112.00	114.66
19	117.36	107.44	117.00	114.27	108.70	92.50	97.00	112.00	114.66
18	117.36	107.44	117.00	114.27	108.88	92.35	97.00	112.00	114.66
17	117.36	107.62	117.20	114.08	108.88	92.50	97.16	112.00	114.66
16	117.36	107.44	117.20	114.08	108.70	92.50	97.16	112.00	114.66
14	117.36	107.62	117.20	114.27	108.70	92.50	97.16	112.00	114.66
13	117.36	107.62	117.20	114.27	108.70	92.50	97.16	112.19	114.46
12	117.36	107.62	117.20	114.27	108.70	92.50	97.16	112.00	114.46
11				Exchange Closed					
10	117.36	107.62	117.20	114.08	108.70	92.64	97.16	112.00	114.46
9	117.36	107.62	117.20	114.08	108.70	92.64	97.31	112.00	114.27
7	117.36	107.62	117.00	114.27	108.70	92.64	97.31	112.00	114.27
6	117.36	107.62	117.20	114.27	108.70	92.64	97.47	112.00	114.46
5	117.38	107.62	117.00	114.27	108.70	92.64	97.31	112.00	114.27
4	117.38	107.44	117.00	114.08	108.70	92.64	97.31	112.00	114.27
3				Exchange Closed					
2	117.38	107.62	117.20	114.27	108.70	92.64	97.31	112.00	114.27
Oct 30	117.38	107.44	117.00	114.08	108.70	92.50	97.31	112.00	114.27
23	117.38	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.27
16	117.37	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46
9	117.38	107.44	117.20	114.08	108.70	92.50	97.31	111.81	114.46
2	117.39	107.27	117.00	113.89	108.52	92.35	97.16	111.81	114.27
Sep 25	117.51	107.27	117.00	113.89	108.70	92.06	97.00	111.62	114.08
18	117.62	107.27	117.00	113.70	108.52	92.06	96.85	111.81	114.08
11	117.75	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89
4	117.80	107.09	117.00	113.31	108.34	92.06	96.54	111.62	114.08
Aug. 28	117.85	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
21	117.93	106.92	116.80	113.31	108.16	92.06	96.38	111.44	114.08
14	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
7	117.97	106.92	116.61	113.12	108.16	91.91	96.23	111.44	114.27
July 31	118.11	106.92	116.41	113.50	108.16	91.77	96.07	111.44	114.27
24	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.62	114.08
17	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
10	118.26	106.74	116.41	113.31	107.80	91.62	95.77	111.25	114.08
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago									
Dec. 1, 1941	119.65	108.16	118.40	115.43	109.60	91.91	97.31	112.37	116.02
2 Years ago									
Nov. 30, 1940	118.84	106.39	118.60	114.27	106.56	89.23	95.47	110.70	113.89

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Dec. 1	2.09	3.32	2.81	2.96	3.23	4.29	3.97	3.07	2.94
Nov. 30	2.09	3.32	2.81	2.96	3.23	4.28	3.96	3.07	2.93
28	2.09	3.32	2.80	2.96	3.24	4.28	3.96	3.07	2.93
27	2.09	3.32	2.80	2.96	3.23	4.28	3.97	3.06	2.92
26				Exchange Closed					
25	2.08	3.31	2.80	2.95	3.23	4.26	3.95	3.06	2.92
24	2.07	3.31	2.80	2.94	3.23	4.26	3.95	3.06	2.92
23	2.06	3.31	2.80	2.94	3.23	4.25	3.94	3.06	2.92
21	2.06	3.31	2.80	2.94	3.24	4.24	3.94	3.06	2.92
20	2.06	3.31	2.80	2.94	3.24	4.24	3.94	3.06	2.92
19	2.05	3.31	2.80	2.94	3.24	4.24	3.94	3.06	2.92
18	2.05	3.31	2.80	2.94	3.23	4.25	3.94	3.06	2.92
17	2.05	3.30	2.79	2.95	3.23	4.24	3.93	3.06	2.92
16	2.05	3.31	2.79	2.95	3.24	4.24	3.93	3.06	2.92
14	2.05	3.30	2.79	2.94	3.24	4.24	3.93	3.06	2.92
13	2.05	3.30	2.79	2.94	3.24	4.24	3.93	3.05	2.93
12	2.05	3.30	2.79	2.94	3.24	4.24	3.93	3.06	2.93
11				Exchange Closed					
10	2.05	3.30	2.79	2.95	3.24	4.23	3.93	3.06	2.93
9	2.05	3.30	2.79	2.95	3.24	4.23	3.92	3.06	2.94
7	2.05	3.30	2.80	2.94	3.24	4.23	3.92	3.06	2.94
6	2.05	3.30	2.79	2.94	3.24	4.23	3.91	3.06	2.93
5	2.05	3.30	2.80	2.94	3.24	4.23	3.92	3.06	2.94
4	2.05	3.31	2.80	2.95	3.24	4.23	3.92	3.06	2.94
3				Exchange Closed					
2	2.05	3.30	2.79	2.94	3.24	4.23	3.92	3.06	2.94
Oct 30	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.06	2.94
23	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.94
16	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
9	2.05	3.31	2.79	2.95	3.24	4.24	3.92	3.07	2.93
2	2.05	3.32	2.80	2.96	3.25	4.25	3.93	3.07	2.94
Sep 25	2.04	3.32	2.80	2.96	3.24	4.27	3.94	3.08	2.95
18	2.03	3.32	2.80	2.97	3.25	4.27	3.95	3.07	2.95
11	2.03	3.33	2.81	2.98	3.26	4.27	3.96	3.07	2.96
4	2.03	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
Aug 28	2.03	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
21	2.02	3.34	2.81	2.99	3.27	4.27	3.98	3.09	2.95
14	2.02	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
7	2.02	3.34	2.82	3.00	3.27	4.28	3.99	3.09	2.94
July 31	2.01	3.34	2.83	2.98	3.27	4.29	4.00	3.09	2.94
24	2.00	3.35	2.82	2.99	3.28	4.29	4.01	3.08	2.95
17	1.99	3,35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
10	1.98	3.35	2.83	2.99	3.29	4.30	4.02	3.10	2.95
3	1.98	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
June 26	1.96	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
May 29	1.95	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
Apr. 24	1.99	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
Mar 27	1.96	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb 27	2.11	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	2.05	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
High 1941	2.13	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	1.84	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago									
Dec. 1, 1941	1.87	3.27	2.73	2.88	3.19	4.28	3.92	3.04	2.85
2 Years ago									
Nov. 30, 1940	1.94	3.37	2.72	2.94	3.36	4.47	4.04	3.13	2.96

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Sept. 17, 1942, page 995.

Steel Operations Unchanged—War Contracts Being Readjusted—Better Balance Attained

"Readjustment of war contracts is confusing many companies," according to "The Iron Age" in its issue of today (Dec. 3). "While they know the war is far from being won, they are receiving stop orders on war material items of which it once seemed the nation could never get enough," adds the "Age," which further goes on to say in part:

"The machine tool industry reports an increase in cancellations which are partly due to the switch in emphasis to fighting planes and ships. Structural and reinforcing fabricators report many cancellations—a result of the WPB decision to curtail construction programs drastically in order to make materials available for direct military use.

"Already slashes in tank production schedules have been reflected in lessening pressure on some steel mills which have been rolling tank plates.

"As reported two weeks ago, the WPB will not permit any piling of ingots but will see that any steel production in excess of that required for direct war requirements will find its way into essential civilian needs.

"As to the extent of raw steel stocks in various steel plants, the "Iron Age" has learned that at some plants in the Chicago, Pittsburgh and Eastern districts, the inventory of ingots is slightly higher than it had been before Lend-Lease requirements. The condition at these mills by no means indicates a 'piling of ingots.'

"At one of these plants in the East, the situation was in a class by itself since almost the entire output of steel ingots has been allocated for Lend-Lease requirements. Since this plant has no finishing facilities, these ingots must be shipped elsewhere.

"In another case a company which had built up a slightly heavier ingot inventory did so because of a breakdown in blooming mill equipment. The inventory will be dissipated rapidly now that repairs have been made. In the other cases investigated WPB revisions in the December steel quota will correct this temporary situation.

"Most of the current reports of ingot stocking refer to carbon steels. The situation in alloy steel production is not only tight but seems to be nearing some sort of climax. Last week the WPB put pressure on various steel companies which are not now making alloy steel in their openhearths, or are making small amounts, to explore the possibility of stepping up alloy steel production."

The American Iron and Steel Institute on Nov. 30 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.3% of capacity for the week beginning Nov. 30, compared with 98.3% one week ago, 99.6% one month ago and 97.6% one year ago. This week's operating rate, according to the Institute, is equivalent to 1,681,600 tons of steel ingots and castings, compared to 1,681,600 tons one week ago, 1,703,800 tons one month ago, and 1,612,500 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Nov. 30 stated in part:

"Signs of the better balancing of war production continue to accumulate and less talk is heard about shortages of critical material.

"Ingots and billets actually are piling up here and there, due to cancellation of certain lend-lease shipments and to reduction of tonnage being converted into structural shapes, tin plate, pipe and reinforcing bars. Also production of certain military items has been eliminated or reduced as a result of lessons learned at the fighting fronts. Of all metals zinc is most critical and new ways continue to be devised to reduce consumption, as by painting instead of galvanizing sheets.

"A notable trend is the rising demand for alloy steels for aircraft construction. To assure that the supply of alloying elements will go round further efforts are being made to conserve them, as, for example, eliminating certain applications of stainless steel.

"Civilian goods manufacturers who have regarded the news about the easier steel supply as paving the way for early resumption of their normal activities do not yet have justification for this belief other than that the War Production Board is considering revisions in some of its limitation orders. The board feels that these orders, unless liberalized, will result in stripping the civilian economy to an unwarranted degree after present inventories are exhausted. While some easing is expected no definite decisions yet have been reached. Meanwhile, steel producers are sharply restricted as to customers to whom they may sell.

"Reductions in PRP quotas continue to cause cancellations by consumers who find their allowances too small to match commitments at mills. Some curtailment in new orders by PRP users has resulted from delay in receiving quotas until too late to place orders for delivery this year. This includes some contractors on war work.

"War Production Board has formulated a program for steel, steel rails, cars and locomotives to be allowed railroads for various portions of 1943, to allow orders to be placed promptly to obtain delivery. Allowances are considerably below quantities desired by the carriers and are determined in accordance with needs of other steel consumers. Rail tonnage for first quarter is 480,000 tons, with 288,000 tons of accessories and 330,000 tons of steel for equipment repairs. For first six months 20,000 freight cars will be allowed.

"Delivery situation is steady in nearly all products.

"Efforts to obtain dormant scrap from every possible source are being intensified and the fact is kept in mind that a repetition of the household drive can not be expected. Other sources are being explored and government agencies are pushing salvage of structures, equipment and other material, largely those where cost of reclaiming is greater than scrap value. Additional pig iron production from new furnaces may serve to close the gap of late winter shortage.

"Blast furnaces in the United States in October consumed 7,370,595 gross tons of Lake Superior iron ore, compared with 6,421,959 tons in the same month last year. In ten months this year consumption was 68,946,113 tons, against 61,393,488 tons in the like period last year. Furnaces Nov. 1 had on hand 45,883,243 tons, compared with 38,852,223 tons a year earlier. In the United States 174 blast furnace stacks were in service Nov. 1 compared with 172 a month earlier and 169 on Nov. 1, 1941. Early on Nov. 23 loading of 90,000,000 tons of ore at the head of the lake was completed, topping by nearly 10,000,000 tons the full season shipments of 1941."

Lend-Lease To Allies Set Record In October

President Roosevelt revealed on Nov. 15 that during October a new monthly record of more than $915,000,000 worth of lend-lease goods and services had been furnished to the Allies, topping any previous comparable period by more than one-third.

In commenting on the results, submitted to him by Edward R. Stettinius, Jr., Lend-Lease Administrator, the President said that "these figures show how wrong the Axis was in assuming that our aid to our Allies would sharply decline once we had been brought into the war." He added:

"During the last four months we have had the imposing task of arming, equipping and transporting our strong expeditionary force now in North Africa. Nevertheless, during those same four months we were able to transfer $2,713,000,000 worth of goods and services to our Allies. Two-thirds of the goods were military items, including large numbers of planes and tanks that helped to turn the tide in Egypt and to hold the lines in Russia."

The President stated that in September and October, "when our preparations for the African campaign were at their height," more than $198,000,000 worth of military items alone were transferred to our Allies, and contrasted this with $169,000,000 worth of military items transferred at the outset of the war in the months of December, 1941, and January, 1942.

Pointing out that there are always peaks and valleys in production and transfers, the President warned against assuming that the record levels could be maintained every month, although he thought the "steady increase in our production is likely to mean a growing increase in the aid supplied to our Allies for the next year."

The President's statement further said "figures alone do not begin to reflect the importance of the help the Allies have given each other.

"Figures do not show how the aircraft carrier Wasp carried two priceless loads of Spitfires to Malta, or how American engineers and soldiers are expanding the capacity of the railroads carrying supplies into Russia from the Persian Gulf. Nor do figures indicate the value of the assistance being furnished to our own troops abroad under the reciprocal aid agreements recently concluded with Great Britain, Australia, New Zealand and Fighting France.

"We have never intended and do not intend to diminish our lend-lease aid in the slightest. The record for the last four months shows that we are seeking to strike a careful balance between supplying our own army and supplying the other armies fighting in the common cause."

The President further announced that the Lend-Lease Administration has just completed discussions with representatives of the lend-lease countries regarding their requirements for 1943.

Moody's Daily Commodity Index

Tuesday, Nov. 24	230.4
Wednesday, Nov. 25	230.7
Thursday, Nov. 26	*
Friday, Nov. 27	230.8
Saturday, Nov. 28	230.6
Monday, Nov. 30	230.4
Tuesday, Dec. 1	230.8
Two weeks ago, Nov. 17	231.8
Month ago, Oct. 31	232.2
Year ago, Dec. 1	230.8
1941 High, Sept. 9	219.9
Low, Feb. 17	171.6
1942 High, Oct. 3	236.4
Low, Jan. 2	220.0

*Holiday.

Bankers' Dollar Acceptances Outstanding On Oct. 31 Decline To $118,581,000

The volume of bankers' dollar acceptances outstanding on Oct. 31 totaled $118,581,000, a decrease of $4,913,000 from the Sept. 30 figure and a new low for the last 25 years, according to the monthly report issued Nov. 17 by the Acceptance Analysis Unit of the Federal Reserve Bank of New York. The total amount of acceptances outstanding on Oct. 31 was $66,225,000 below a year ago.

Only credits based on goods stored in or shipped between foreign countries were higher than both a month and a year ago. All other comparisons, with the exception of exports, which was above a month ago, and domestic shipments, which advanced over a year ago, were lower.

The Reserve Bank's report follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	Oct. 31, 1942	Sept. 30, 1942	Oct. 31, 1941
1 Boston	$19,885,000	$21,569,000	$20,898,000
2 New York	71,430,000	74,548,000	115,200,000
3 Philadelphia	7,233,000	7,543,000	10,670,000
4 Cleveland	2,853,000	3,490,000	2,919,000
5 Richmond	1,413,000	1,014,000	1,152,000
6 Atlanta	1,264,00	1,191,000	1,091,000
7 Chicago	4,864,000	4,707,000	5,869,000
8 St. Louis	261,000	190,000	654,000
9 Minneapolis	67,000	26,000	142,000
10 Kansas City	------	------	------
11 Dallas	143,000	162,000	2,431,000
12 San Francisco	9,168,000	9,054,000	23,780,000
Grand Total	$118,581,000	$123,494,000	$184,806,000

Decrease for month $4,913,000 Decrease for year $66,225,000

ACCORDING TO NATURE OF CREDIT

	Oct. 31, 1942	Sept. 30, 1942	Oct. 31, 1941
Imports	$60,266,000	$65,757,000	$108,867,000
Exports	5,903,000	5,755,000	12,472,000
Domestic shipments	12,553,000	12,995,000	10,939,000
Domestic warehouse credits	27,737,000	28,491,000	37,169,000
Dollar exchange	263,000	323,000	4,116,000
Based on goods stored in or shipped between foreign countries	11,859,000	10,173,000	11,243,000

BILLS HELD BY ACCEPTING BANKS

Own Bills $62,971,000 Bills of others $30,863,000 Total $93,834,000

Decrease for month $3,250,000.

CURRENT MARKET RATES ON PRIME BANKERS ACCEPTANCES NOV. 17, 1942

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	½	7/16
60	½	7/16
90	½	7/16
120	9/16	½
150	⅝	9/16
180	⅝	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since Nov. 30, 1939:

1939—		1940—		1941—	
Nov. 30	$222,599,000	Nov. 30	$196,683,000	Nov. 29	$193,590,000
Dec. 30	232,644,000	Dec. 31	208,659,000	Dec. 31	194,220,000
1940—		1941—		1942—	
Jan. 31	229,230,000	Jan. 31	212,777,000	Jan. 31	197,278,000
Feb. 29	233,015,000	Feb. 28	211,865,000	Feb. 28	190,010,000
Mar. 30	229,705,000	Mar. 31	217,312,000	Mar. 31	182,675,000
Apr. 30	223,305,000	Apr. 30	219,561,000	Apr. 30	177,293,000
May 31	213,685,000	May 31	215,005,000	May 29	173,906,000
June 29	206,149,000	June 30	212,932,000	June 30	162,849,000
July 31	188,350,000	July 31	209,899,000	July 31	156,302,000
Aug. 31	181,813,000	Aug. 30	197,472,000	Aug. 31	139,304,000
Sept. 30	176,614,000	Sept. 30	176,801,000	Sept. 30	123,494,000
Oct. 31	186,786,000	Oct. 31	184,806,000	Oct. 31	118,581,000

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
1942—Week Ended—					
July 4	94,257	100,337	223,809	59	91
July 11	92,481	77,996	236,536	52	90
July 18	103,559	114,917	226,341	71	90
July 25	112,513	120,982	219,700	74	89
Aug. 1	119,023	125,653	213,443	76	89
Aug. 8	114,969	121,035	208,769	75	88
Aug. 15	120,262	122,735	208,206	73	88
Aug. 22	124,763	119,299	213,890	74	87
Aug. 29	122,236	124,440	212,953	77	87
Sept. 5	129,486	124,580	218,539	78	87
Sept. 12	106,933	101,891	222,636	65	86
Sept. 19	138,477	132,212	228,355	81	86
Sept. 26	129,503	131,173	224,926	78	86
Oct. 3	144,506	133,513	236,208	80	86
Oct. 10	147,437	131,961	248,026	80	86
Oct. 17	152,644	134,197	261,871	79	85
Oct. 24	150,133	136,249	275,139	81	85
Oct. 31	138,423	138,262	272,006	84	85
Nov 7	157,919	138,492	291,780	84	85
Nov. 14	147,815	137,355	301,088	83	85
Nov. 21	146,335	133,188	310,439	83	85

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

N. Y. Reserve Bank Index At Record In October

During October the monthly index of production and trade computed at the Federal Reserve Bank of New York rose one point to a record high of 121% of estimated long-term trend, 11 points above the level of October, 1941, the Reserve Bank announced on Nov. 24. Industrial production moved into new high ground in October, while retail trade in general remained at approximately the September level, seasonal factors considered.

The bank further stated:

"A further advance of seven points in the component index of output of producers' durable goods from September to October evidenced the continued progress in the production of war goods which are largely concentrated in this group. Output of producers' nondurable goods, and of consumers' goods, both durable and non-durable, was maintained at approximately the September level during October.

"After allowance for seasonal factors, somewhat divergent tendencies were shown among the various available retail trade series during October. Sales by department stores, mail order houses, and variety chain stores were higher than in September, whereas grocery chain store sales appear to have declined somewhat."

INDEXES OF PRODUCTION AND TRADE

100=estimated long term trend

	1941	1942		
	Oct.	Aug.	*Sept.	*Oct.
Index of Production and Trade	110	120	120	121
Production	116	128	129	130
Producers' goods—total	128	160	163	166
Producers' durable goods	138	191	194	201
Producers' nondurable goods	118	126	127	126
Consumers' goods—total	103	88	87	87
Consumers' durable goods	95	39	36	37
Consumers' nondurable goods	105	104	104	103
Durable goods—total	125	146	148	153
Nondurable goods—total	111	113	113	113
Primary distribution	116	135	135	138
Distribution to consumer	94	91	89	89
Miscellaneous services	103	129	128	127

*Indexes are preliminary.

Series are adjusted individually for estimated long term trend and seasonal variation; those reported in dollars are also adjusted for price changes.

Electric Output For Week Ended Nov. 28, 1942 Shows 12.8% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Nov. 28, 1942, was 3,766,381,000 kwh., which compares with 3,339,364,000 kwh. in the corresponding week last year, an increase of 12.8%. The output for the week ended Nov. 21, 1942, was 16.9% in excess of the similar period in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Nov. 28	Nov. 21	Nov. 14	Nov. 7
New England	0.8	10.6	6.0	2.4
Middle Atlantic	5.6	9.8	6.4	4.7
Central Industrial	7.5	14.2	7.7	6.9
West Central	13.9	12.9	11.5	10.4
Southern States	29.0	25.8	22.6	20.0
Rocky Mountain	9.9	11.8	11.4	9.7
Pacific Coast	20.0	27.8	26.0	28.8
Total United States	12.8	16.9	12.8	11.7

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Aug 1	3,649,146	3,263,082	+11.8	2,762,240	1,426,986	1,724,728
Aug 8	3,637,070	3,233,242	+12.5	2,743,284	1,415,122	1,729,667
Aug 15	3,654,795	3,238,160	+12.9	2,745,697	1,431,910	1,733,110
Aug 22	3,673,717	3,230,750	+13.7	2,714,193	1,436,440	1,750,056
Aug 29	3,639,961	3,261,149	+11.6	2,736,224	1,464,700	1,761,594
Sep 5	3,672,921	3,132,954	+12.4	2,591,957	1,423,977	1,674,588
Sep 12	3,583,408	3,222,346		2,773,177	1,476,442	1,806,259
Sep 19	3,756,922	3,273,375	+14.8	2,769,346	1,490,863	1,792,131
Sep 26	3,720,254	3,273,376	+13.7	2,816,358	1,499,459	1,777,854
Oct 3	3,682,794	3,330,582	+10.6	2,792,067	1,506,219	1,819,276
Oct 10	3,702,299	3,355,440	+10.3	2,817,465	1,507,503	1,806,403
Oct 17	3,717,360	3,313,596	+12.2	2,837,730	1,528,145	1,798,633
Oct 24	3,752,571	3,340,768	+12.3	2,866,827	1,533,028	1,824,160
Oct 31	3,774,891	3,380,488	+11.7	2,882,137	1,525,410	1,815,749
Nov 7	3,761,961	3,368,690	+11.7	2,858,054	1,520,730	1,798,164
Nov 14	3,775,878	3,347,893	+12.8	2,889,937	1,531,584	1,793,584
Nov 21	3,795,361	3,247,938	+16.9	2,839,421	1,475,268	1,818,169
Nov 28	3,766,381	3,339,364	+12.8	2,931,877	1,510,337	1,718,002

L. C. L. Averaged 10¼ Tons In September

The Office of Defense Transportation on Nov. 18 announced that the nation's major railroads reached a new peak of efficiency in less-than-carload freight movement during September when the 116 reporting lines loaded an average of 10¼ tons per car. The merchandise increase for September over August was 383,429,000 pounds for which 7,700 less cars were required. The Class I carriers, under the provision of General Order ODT No. 1, prescribing certain limits for merchandise loading, handled during September a total of 8,042,677,763 pounds in 391,064 cars for an average weight of 20,596 pounds per car. The announcement further went on to say:

The September Class I record, as compared with May, when General Order ODT No. 1 first took effect, shows 580,717,000 pounds more of merchandise handled in 26,800 less cars. The average load per car jumped from 17,858 pounds to the September high of 20,566, a figure just over the 10-ton minimum set by the order.

The Class II and Class III railways—the short lines and terminal switching companies—showed an increase in September over August of 10,837,000 pounds of 1-c-1 freight for which these roads used only 73 more cars than they used in August. The average load per car increased from 15,411 pounds in August to 16,395 pounds in September.

In comparing the short line figures for September against those of May, 11,467,000 more pounds of merchandise were handled in 369 less cars, and the average load increased from 14,638 pounds in May to 16,395.

In all cases, it was pointed out, where either Class I roads or short lines failed to reach the load minimum set by the general order, the cars were loaded and operated under one of the eight exceptions to the order.

The freight forwarding companies during September loaded 11,249 cars with 424,115,767 pounds of merchandise for a new high average of 37,703 pounds per car. The forwarders showed an increase in September 1-c-1 over August of 27,070,000 pounds.

See also Oct. 29 issue of "The Commercial and Financial Chronicle," page 1556.—Ed.)

Lumber Movement—Week Ended Nov. 21, 1942

Lumber shipments of 461 mills reporting to the National Lumber Trade Barometer exceeded production by 4.4% for the week ended Nov. 21, 1942. In the same week new orders of these mills were 10.9% greater than production. Unfilled order files in the reporting mills amounted to 71% of stocks. For reporting softwood mills, unfilled orders are equivalent to 40 days' production at the current rate, and gross stocks are equivalent to 52 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 11%; orders by 17%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 46% greater; shipments were 60% greater and orders were 56% greater.

[Pending a revision in lumber statistics, the National Lumber Manufacturers' Association has discontinued publication of the weekly figures on national lumber production, shipments and other data of the industry, which were previously given each week in our columns.—Ed.]

More Pledged to Buy War Bonds On Payroll Plans

Nearly 2,000,000 more workers in October pledged part of their earnings for the purchase of War Savings Bonds, bringing the total number of participants in payroll savings plans up to 23,300,000, the War Savings Staff of the Treasury Department announces.

Included in this total are nearly 19,000,000 employees in private firms; 2,400,000 workers in Government agencies, and 2,000,000 people in the armed forces of the United States, the announcement said, adding:

"During the month, $287,000,000, representing 7.7% of total earnings, was set aside for war bond buying through payroll savings plans. The increasing number of participants in this period is, of course, not yet entirely reflected in total deductions, or in the percentage of earnings which the deductions represent.

"Payroll savings plans have now been introduced in firms and government agencies which employ 28,100,000 people, and more than 75% of this number have already agreed to buy war bonds by this method of systematic saving. These figures do not include payroll savings of members of the armed forces.

"A payroll savings drive, initiated on Nov. 16 by the Treasury Department in cooperation with leaders of management and labor, with the slogan, 'Top That 10% By New Year's,' has as its object raising the number of participants in payroll savings plans to 30,000,000 and, as the slogan indicates, to increase deductions authorized for bond paying to better than 10% by the end of the year."

Labor Department Lowers Job Age Limit For Girls

L. Metcalfe Walling, Administrator of the Public Contracts and Wage and Hour Divisions of the Nov. 13 that Secretary of Labor Perkins had lowered to 16 years the minimum age for women employed by concerns working on Government contracts. The minimum age formerly was 18 years, except in fifteen industries specifically exempt. Reporting this, the New York "Herald Tribune" of Nov. 14 said:

"Hiring of 16-year-old girls by manufacturers engaged in producing war goods, it is explained, will be possible wherever State laws permit it. Mr. Walling pointed out that the relaxation of restrictions imposed new responsibility on such employers to adhere strictly to the new minimum age limit and to employ no girls under 18 years in hazardous posts or between the hours of 10 p.m. and 6 a.m.

"Secretary Perkins signed the new ruling, Mr. Walling said, at the joint request of the War and Navy Departments and the Maritime Commission."

Federal Reserve October Business Indexes

The Board of Governors of the Federal Reserve System issued on Nov. 23 its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time the Board made available its customary summary of business conditions. The indexes for October, together with comparisons for a month and a year ago, are as follows:

BUSINESS INDEXES

1935-39 average = 100 for industrial production and freight-car loadings; 1923-25 average = 100 for all other series

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
	Oct. 1942	Sept. 1942	Oct. 1941	Oct. 1942	Sept. 1942	Oct. 1941
Industrial production—						
Total	†188	†185	164	†192	†191	168
Manufactures—						
Total	†199	†195	170	†202	†201	173
Durable	†268	†260	208	†270	†263	210
Nondurable	†143	†141	139	†148	†150	143
Minerals	†127	131	131	†135	137	139
Construction contracts, value—						
Total	†185	179	145	†175	181	137
Residential	†81	70	87	†78	70	84
All other	†269	268	192	†253	271	181
Factory employment—						
Total	*	†145.0	132.8	*	†148.2	135.4
Durable goods	*	†167.2	142.3	*	†168.2	144.0
Nondurable goods	*	†123.8	123.8	*	†129.2	127.3
Factory payrolls—						
Total	---	---	---	*	†220.5	167.0
Durable goods	---	---	---	*	†274.9	191.4
Nondurable goods	---	---	---	*	†159.6	139.6
Freight-car loadings	133	136	127	150	152	144
Department store sales, value	†129	123	116	†138	133	125
Department store stocks, value	*	†123	97	*	†128	108

†Preliminary or estimated. *Data not yet available.

Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, non-durable manufactures and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, non-durable by .469, and minerals by 152.

Construction contract indexes based on three-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by $410,269,000, residential by $184,137,000, and all other by $226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION

(1935-39 average = 100)

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
Manufactures—	Oct. 1942	Sept. 1942	Oct. 1941	Oct. 1942	Sept. 1942	Oct. 1941
Steel	229	219	207	229	219	207
Open hearth and Bessemer	186	179	179	186	179	179
Electric	536	503	409	536	503	409
Machinery	†306	†300	232	†306	†300	232
Transportation equipment	†493	†475	269	†493	†475	269
Non-ferrous metals & products	†191	190	185	†191	190	185
Lumber and products	†125	123	135	†135	135	145
Lumber	†124	119	129	†132	134	138
Furniture	†128	†130	146	†139	†136	159
Stone, clay, & glass products	*	145	158	*	163	175
Cement	*	167	159	*	200	185
Polished plate glass	32	38	102	37	38	117
Textiles and products	†156	156	150	†156	156	150
Cotton consumption	172	172	161	172	172	161
Rayon deliveries	†173	‡170	172	†173	‡170	172
Wool textiles	*	155	164	*	155	164
Leather products	†112	105	125	†113	112	127
Tanning	*	114	129	*	114	129
Cattle hide leathers	*	135	138	*	134	140
Calf and kip leathers	*	95	107	*	93	103
Goat and kid leathers	*	76	121	*	77	120
Shoes	†110	99	123	†112	111	125
Manufactured food products	†152	†148	134	†164	†181	143
Wheat flour	108	101	101	118	116	110
Meat packing	†151	159	133	†152	147	134
Other manufactured foods	†160	†154	135	†179	†198	151
Tobacco products	*	133	128	*	144	133
Cigars	*	107	112	*	123	135
Cigarettes	*	159	144	*	170	141
Manufactured tobacco & snuff	*	91	104	*	98	106
Paper and products	*	130	146	*	134	151
Paperboard	128	123	158	136	131	167
Newsprint production	107	106	110	107	106	110
Printing and publishing	*	109	127	*	109	131
Newsprint consumption	102	101	105	109	102	112
Petroleum and coal products	*	120	133	*	122	135
Petroleum refining	*	113	129	*	116	132
Gasoline	†108	106	131	†111	109	134
Fuel oil	*	136	129	*	137	130
Lubricating oil	*	112	129	*	112	129
Kerosene	*	109	121	*	106	121
Coke	†166	166	‡154	†166	166	‡154
Byproduct	†155	155	145	†155	155	145
Beehive	†512	521	‡462	†512	521	‡462
Chemicals	†172	†172	148	†181	†178	153
Minerals—						
Fuels	†124	128	128	†127	129	132
Bituminous coal	†130	144	131	†145	150	146
Anthracite	†110	134	120	†117	129	127
Crude petroleum	†123	120	128	†121	120	127
Metals	†150	151	146	†181	187	181
Iron ore	240	240	182	334	357	281

FREIGHT-CAR LOADINGS

(1935-39 average = 100)

Coal	121	135	121	138	142	138
Coke	180	188	165	180	184	165
Grain	130	126	97	139	139	104
Livestock	110	102	95	169	135	146
Forest products	149	154	140	158	167	147
Ore	223	174	204	260	304	232
Miscellaneous	144	146	133	163	162	151
Merchandise, l.c.l.	56	55	97	58	57	101

*Data not yet available. †Preliminary or estimated. ‡Revised.

Note—To convert coal and miscellaneous indexes to points in total index, shown in the Federal Reserve Chart Book, multiply coal by .213 and miscellaneous by .548.

Engineering Construction $65,929,000 For Holiday Week

Engineering construction volume for the short week due to the Thanksgiving Day holiday totals $65,929,000 as reported by "Engineering News-Record" on Nov. 26. This total compares with $100,060,000 for the preceding week, and $110,331,000 for the full week last year. Federal work accounts for $53,507,000, or 81% of the volume; $8,689,000 is for private construction, and $3,733,000 is for State and municipal work. The report went on to say:

The week's total brings 1942 construction to $8,932,207,000, an increase of 60% over the volume for the 48-week period last year, and already 52% above the $5,868,699,000 reported for the entire year 1941. Private construction, $542,544,000, is 52% below the period last year, but public work, $8,389,663,000, is 88% higher. The 137% increase in Federal work is responsible for the public gain over last year, inasmuch as State and municipal work is 57% lower.

Construction volumes for the 1941 week, last week, and the current short week are:

	Nov. 27, '41 (five days)	Nov. 19, '42 (five days)	Nov. 26, '42 (four days)
Total Construction	$110,331,000	$100,060,000	$65,929,000
Private Construction	25,584,000	5,971,000	8,689,000
Public Construction	84,747,000	94,089,000	57,240,000
State and Municipal	21,099,000	3,192,000	3,733,000
Federal	63,648,000	90,897,000	53,507,000

In the classified construction groups, commercial building and large-scale private housing exceeds its volume of a week ago. This is the only gain reported, either over last week, or the 1941 week. Subtotals for the week in each class of construction are: Waterworks, $432,000; sewerage, $1,162,000; bridges, $159,000; industrial buildings, $627,000; commercial building and large-scale private housing, $7,753,000; public buildings, $35,865,000; earthwork and drainage, $100,000; streets and roads, $3,984,000; and unclassified construction, $15,847,000.

New capital for construction purposes for the week totals $2,830,000. This compares with $23,928,000 for the week last year. The current week's new financing is made up of $440,000 in State and municipal bond sales, and $2,390,000 in corporate security issues.

New construction financing for the year to date, $10,204,255,000, tops the $6,282,297,000 reported for the corresponding 48-week period in 1941 by 63%.

Selected Income And Balance Sheet Items Class I Railways For September

The Bureau of Statistics of the Interstate Commerce Commission has issued a statement showing the aggregate totals of selected income and balance sheet items for class I steam railways in the United States for the month of September and the nine months ending with September, 1942 and 1941.

These figures are subject to revision and were compiled from 132 reports representing 136 steam railways. The present statement excludes returns for Class A switching and terminal companies. The report is as follows:

	All Class I Railways			
	For the Month of September		For the Nine Months of	
Income Items—	1942	1941	1942	1941
Net ry. operat. income	$154,631,722	$104,358,837	$972,989,638	$755,974,232
Other income	11,888,353	12,331,944	111,900,616	111,283,885
Total income	166,520,075	116,690,781	1,084,890,254	867,258,117
Miscellaneous deductions from income	4,412,342	2,290,248	24,177,058	20,949,034
Income available for fixed charges	162,107,733	114,400,533	1,060,713,196	846,309,083
Fixed charges:				
Rent for leased roads and equipment	17,598,338	13,801,304	134,816,618	120,065,073
*Interest deductions	36,894,311	39,164,616	332,636,036	348,112,378
Other deductions	119,113	120,478	1,060,684	1,070,780
Total fixed charges	54,611,762	53,086,393	468,513,338	469,248,231
Inc. after fixed charges	107,495,971	61,314,135	592,199,858	377,060,852
Contingent charges	2,305,848	1,547,288	20,227,867	13,892,577
†Net income	105,190,123	59,766,847	571,971,991	363,168,275
Depreciation (way and structures and equip.)	22,888,749	18,259,084	184,010,945	161,911,924
Amortization of defense projects	8,356,188	219,626	57,073,185	274,805
Federal income taxes	88,659,752	28,421,340	551,777,651	145,235,551
Dividend appropriations:				
On common stock	8,275,899	6,189,195	78,554,055	81,185,964
On preferred stock	1,064,204	75,000	19,398,665	17,666,843
¶Ratio of income to fixed charges	2.97	2.15	2.26	1.80

	All Class I Railways Balance at End of September		Class I Railways Not in Receivership or Trusteeship Balance at End of September	
Selected Asset Items—	1942	1941	1942	1941
Investments in stocks, bonds, etc., other than those of affiliated companies	$508,661,918	$552,330,565	$485,307,750	$502,186,209
Cash	$991,788,447	$813,678,477	$744,632,729	$635,252,744
Temporary cash investments	443,671,304	154,441,814	387,051,634	145,148,230
Special deposits	147,889,534	223,666,788	105,987,877	179,152,228
Loans and bills receivable	998,003	1,234,133	946,907	1,009,136
Traffic and car-service balances (Dr.)	40,935,933	32,955,712	34,335,930	29,912,179
Net balance receivable from agents and conductors	141,684,254	79,774,944	116,261,079	65,272,471
Miscellaneous accounts receivable	385,064,283	165,369,033	310,324,888	128,302,394
Materials and supplies	522,560,019	411,976,308	419,890,786	330,340,426
Interest and dividends receivable	21,744,450	20,951,217	20,408,314	19,083,115
Rents receivable	1,261,223	1,427,298	939,193	1,045,142
Other current assets	13,619,410	10,130,934	10,060,072	8,962,686
Total current assets	2,711,216,860	1,915,606,658	2,150,839,409	1,543,480,751
Selected Liability Items—				
‡Funded debt maturing within six months	$103,291,207	$125,491,971	$73,573,983	$106,059,743
§Loans and bills payable	$32,289,499	$71,214,355	$1,925,850	$15,364,050
Traffic and car-service balances (Cr.)	105,402,345	59,488,619	70,359,829	42,958,747
Audited accounts and wages payable	318,302,370	267,464,047	257,589,282	215,593,561
Miscellaneous accounts payable	68,531,644	47,991,471	49,328,346	36,086,358
Interest matured unpaid	53,777,164	44,902,607	47,897,834	41,640,124
Dividends matured unpaid	13,647,535	14,661,939	13,299,612	14,309,630
Unmatured interest accrued	76,561,025	76,173,799	61,293,026	60,108,342
Unmatured dividends declared	9,756,703	5,123,955	9,756,703	5,123,955
Unmatured rents accrued	21,995,647	22,095,770	19,515,444	20,094,968
Accrued tax liability	838,614,063	367,022,393	768,221,215	327,497,770
Other current liabilities	59,799,382	48,991,469	46,958,471	36,888,431
Total current liabilities	1,598,677,377	1,025,130,424	1,346,145,612	815,665,936
Analysis of accrued tax liability:				
U. S. Government taxes	688,686,671	223,722,004	645,879,937	211,201,106
Other than U. S. Government taxes	149,927,392	143,300,389	122,341,278	116,296,664

*Represents accruals, including the amount in default. †For railways not in receivership or trusteeship the net income was as follows: September, 1942, $84,457,996; September, 1941, $52,478,609; for the nine months ended September, 1942, $462,959,980; nine months ended September, 1941, $348,328,607. ‡Includes payments of principal of long-term debt (other than long-term debt in default) which will become due within six months after close of month of report. §Includes obligations which mature not more than two years after date of issue. ¶For railways in receivership and trusteeship the ratio was as follows: September, 1942, 2.67; September, 1941, 1.60; nine months, 1942, 2.02; nine months, 1941, 1.19.

Steel Plate Shipments 2nd Largest On Record

October steel plate shipments of 1,101,382 net tons were the second largest on record, H. G. Batcheller, Chief of the Iron and Steel Branch of the War Production Board, reported on Nov. 6. Approximately 80% of this tonnage was for direct use by the Army, Navy and Maritime Commission, with the remainder being for export and essential civilian needs.

The tonnage shipped last month was the largest since July, when a record of 1,124,118 net tons was established. Of October shipments, 536,981 net tons were produced on converted strip mills, 449,895 net tons on sheared plate mills and 114,506 net tons on universal plate mills.

Total shipments of plates during the first ten months of the year have reached 9,736,000 net tons, which compares with shipments of approximately 6,000,000 net tons during the entire 12 months of 1941.

Mr. Batcheller said that plate production is being scheduled for November and December at approximately the same level as October, but that increased production is anticipated for January.

Shipments of steel plates by months during the current year have been as follows:

Month—	Net Tons
January	754,522
February	758,723
March	878,726
April	895,971
May	1,012,194
June	1,050,962
July	1,124,118
August	1,097,866
September	1,061,836
October	1,101,382
Total	9,736,300

Mtg. Financing Down

Transactions in home mortgage financing during the first nine months of 1942 amounted to $3,041,000,000, a 13% decline from the same period in 1941, the Federal Home Loan Bank Administration reported on Nov. 7. The total is still above the $2,988,000,000 figure for the first three quarters of 1940, although mortgage financing in recent months has receded below the comparable figures of two years ago. The report said:

"During September, mortgage recordings amounted to $346,000,000, a rise of 3% from the August total, but a sharp decrease from the aggregate of $425,000,000 reported for September, 1941. Leader in the August to September increase was the insurance company group, which expanded its lending by 11% for the month."

The compilations are based on mortgages of $20,000 or less recorded throughout the country, says the announcement which added:

"In spite of the practical stoppage of all home construction in the higher priced brackets, the average mortgage recorded remained at about $2,900 over the past year, largely because of rising costs of building and higher real estate prices, the report pointed out.

"The number and dollar amount of new mortgages made in the first nine months of 1942, by type of lender, are as follows:

	Number	Amount	Per Cent
Savings and loan associations	331,033	$910,912,000	30
Insurance companies	58,424	279,913,000	9
Banks and trust companies	210,803	690,917,000	23
Mutual savings banks	34,023	128,621,000	4
Individuals	271,636	555,037,000	18
Other mortgagees	140,506	476,403,000	16
Totals	1,046,425	$3,041,803,000	100%

Daily Average Crude Oil Production For Week Ended Nov. 21, 1942, Up 32,650 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Nov. 21, 1942, was 3,912,400 barrels, a gain of 32,650 barrels over the preceding week. The current figure, however, was 424,450 barrels per day below the figure for the corresponding period last year, and 119,000 barrels lower than the daily average figure for the month of November, 1942, as recommended by the Office of Petroleum Coordinator. Daily production for the four weeks ended Nov. 21, 1942, averaged 3,882,950 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 85.9% of the 4,800,000-barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,722,000 barrels of crude oil daily during the week ended Nov. 21, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 78,583,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 11,431,000 barrels during the week ended Nov. 21, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations November	*State Allowables Beginning Nov. 1	—Actual Production—			
			Week Ended Nov. 21 1942	Change From Previous Week	4 Weeks Ended Nov. 21 1942	Week Ended Nov. 22 1941
Oklahoma	407,500	407,500	†363,300	+ 4,350	364,400	427,200
Kansas	300,700	300,700	†311,550	+ 5,600	295,850	254,250
Nebraska	3,400	------	†3,250	+ 100	3,300	5,850
Panhandle Texas			89,800	----	91,950	95,000
North Texas			137,600	----	138,200	148,950
West Texas			212,500	+ 700	212,550	332,700
East Central Texas			95,600	+ 500	93,800	90,450
East Texas			354,800	----	356,600	438,250
Southwest Texas			173,250	+ 1,600	171,050	251,950
Coastal Texas			312,900	+ 400	314,750	337,150
Total Texas	1,381,000	‡1,447,368	1,376,450	+ 3,200	1,378,900	1,694,450
North Louisiana			96,700	+ 550	96,550	81,950
Coastal Louisiana			228,700	+ 1,000	228,750	266,050
Total Louisiana	333,800	345,800	325,400	+ 1,550	325,300	348,000
Arkansas	77,200	73,461	74,000	----	73,900	73,350
Mississippi	50,000		†64,500	— 2,600	66,700	79,000
Illinois	280,900		264,100	+ 24,050	258,300	405,100
Indiana	18,400		†16,850	+ 1,550	16,550	18,100
Eastern (not incl. Ill. & Ind.)	105,200		94,150	+ 1,350	93,850	95,150
Michigan	64,500		61,050	— 4,450	62,350	57,600
Wyoming	94,400		92,450	+ 1,600	90,550	83,500
Montana	24,800		22,650	+ 800	22,050	21,450
Colorado	7,000		6,200	+ 50	6,500	5,250
New Mexico	100,600	100,600	95,800	— 4,200	98,800	117,400
Total East of Calif.	3,249,400		3,171,700	+ 32,950	3,157,300	3,685,650
California	782,000	§782,000	740,700	— 300	725,650	651,200
Total United States	4,031,400		3,912,400	+ 32,650	3,882,950	4,336,850

*O.P.C. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in August, 1942, as follows: Oklahoma, 29,000; Kansas, 4,500; Texas, 102,400; Louisiana, 19,700; Arkansas, 2,800; Illinois, 8,800; Eastern (not including Illinois and Indiana), 8,400; Michigan, 200; Wyoming, 2,400; Montana, 200; New Mexico, 6,200; California, 42,100.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Nov. 18.

‡This is the net basic allowable as of Nov. 1, calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 4 to 15 days, the entire state was ordered shut down for 9 days, no definite dates during the month being specified; operators only being required to shut down, as best suits their operating schedules or labor needed to operate leases, a total equivalent to 9 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED NOV. 21, 1942
(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are —therefore on a Bureau of Mines basis—

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,440	88.2	1,669	68.4	5,077	37,638	26,871	17,900
Appalachian	176	84.8	163	92.6	510	2,499	813	396
Ind., Ill., Ky.	804	84.9	742	92.3	2,407	13,380	6,411	2,533
Okla., Kansas, Mo.	416	80.1	362	87.0	1,327	5,998	2,104	1,420
Rocky Mountain	147	48.0	96	65.3	341	1,523	419	597
California	817	89.9	690	84.5	1,769	17,545	12,923	54,933
Tot. U. S. B. of M. basis, Nov. 21, 1942	4,800	85.9	3,722	77.5	11,431	†78,583	49,541	77,779
Tot. U. S. B. of M. basis, Nov. 14, 1942	4,800	85.9	3,788	78.9	11,417	79,418	49,861	78,631
U. S. Bur. of Mines basis, Nov. 22, 1941			4,035		13,850	85,409	55,649	94,894

*At the request of the Office of Petroleum Coordinator. †Finished 69,695,000 bbls.; unfinished 8,888,000 bbls. ‡At refineries, at bulk terminals, in transit and in pipe lines.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that following a week interrupted by a partial holiday observance of Armistice Day, production of soft coal rose sharply in the week ended Nov. 21, 1942, the total output in that period being estimated at 11,550,000 net tons, an increase of 210,000 tons. Production in the week ended Nov. 22, 1941 (Thanksgiving week) amounted to 8,843,000 tons. The output of soft coal to date shows an increase of 14.2% over the same period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Nov. 21 was estimated at 1,158,000 tons, a decrease of 16,000 tons (1.4%) from the preceding week. When compared with the output in the corresponding week of 1941, however, there was an increase of 251,000 tons, or 27.7%. The calendar year to date shows a gain of 5.3%.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Nov. 21 showed an increase of 2,700 tons when compared with the output for the week ended Nov. 14. The quantity of coke from beehive ovens increased 20,300 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL
In Net Tons (000 omitted)

Bituminous and lignite coal—	—Week Ended—			—January 1 to Date—		
	Nov. 21, 1942	*Nov. 14, 1942	Nov. 22, 1941	Nov. 21, 1942	Nov. 22, 1941	Nov. 20, 1937
Total, incl. mine fuel	11,550	11,340	8,843	514,861	450,964	397,625
Daily average	1,925	†1,989	1,701	1,884	1,660	1,457

*Revised. †Average based on 5.7 days.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	—Week Ended—			—Calendar Year to Date—		
Penn. anthracite—	§Nov. 21, 1942	Nov. 14, 1942	Nov. 22, 1941	Nov. 21, 1942	Nov. 22, 1941	Nov. 23, 1929
*Total, inc. colliery fuel	1,158,000	1.174,000	907,000	53,971,000	51.259,000	65,063,000
†Commercial production	1,112,000	1,127,000	862,000	51,353,000	48,696,000	60,378,000
Beehive coke— United States total	162,700	142,400	112,700	7,082,300	5,874,800	5,920,000
By-product coke— United States total	1,209,500	1,206,800	‡	55,163,200	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data rot available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	—Week Ended—					Nov. avge.
State—	Nov. 14, 1942	Nov. 7, 1942	Nov. 15, 1941	Nov. 16, 1940	Nov. 13, 1937	¶1923
Alaska	5	5	6	4	2	**
Alabama	352	365	338	292	240	409
Arkansas and Oklahoma	91	85	98	94	72	100
Colorado	159	168	165	187	152	236
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,243	1,310	1,132	1,164	1,107	1,571
Indiana	510	535	514	410	372	536
Iowa	55	50	76	81	76	128
Kansas and Missouri	175	175	169	174	138	175
Kentucky—Eastern	980	910	926	820	860	724
Kentucky—Western	315	293	265	211	188	218
Maryland	34	32	41	28	33	35
Michigan	7	6	10	13	12	26
Montana (bituminous and lignite)	109	102	90	86	70	83
New Mexico	34	37	27	23	29	62
North and South Dakota (lignite)	101	101	105	118	62	**35
Ohio	690	680	714	465	538	764
Pennsylvania (bituminous)	2,385	2,490	2.808	2.428	2,017	2,993
Tennessee	145	140	147	112	125	117
Texas (bituminous and lignite)	8	8	8	9	17	29
Utah	114	110	82	99	81	112
Virginia	412	395	430	308	280	217
Washington	52	45	43	47	38	72
*West Virginia—Southern	2,250	2,115	2,390	1,908	1,824	1,271
†West Virginia—Northern	913	858	884	666	572	776
Wyoming	200	183	152	158	127	184
‡Other Western States	††	1	1	1	††	**5
Total bituminous and lignite	11,340	11,200	11,622	9,907	9,032	10,878
§Pennsylvania anthracite	1,174	1,084	1,105	919	1,002	1,896
Total all coal	12,514	12,284	12,727	10,826	10,034	12,774

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, Idaho and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

National Fertilizer Association Commodity Price Index Advances Fractionally

A slight rise in the general level of wholesale commodity prices was registered last week by the price index compiled by the National Fertilizer Association and made public on Nov. 30. In the week ended Nov. 28, 1942, this index rose to 130.6 from 130.5 in the preceding week. A month ago the index was 130.0 and a year ago 116.6 based on the 1935-1939 average as 100. The index is now 8.8% higher than at the first of the year and is 12.0% above the corresponding week of 1941. The Association's report continued as follows:

Advances in the food and farm product price indexes were responsible for the slight advance in the all commodity index last week. The farm product price index moved upward as advances in grains, cattle, and sheep more than offset declines in hogs and raw cotton. Food price changes were few, but upturns in potatoes and corn meal caused a slight advance in the group average. The only other group average to change during the week was the textile index, which was fractionally lower.

During the week prices of 13 commodities advanced and two declined; in the preceding week there were 13 declines and eight advances; in the second preceding week there were 15 advances and three declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939=100]

% Each Group Bears to the Total Index	Group	Latest Week Nov. 28, 1942	Preceding Week Nov. 21, 1942	Month Ago Oct. 24, 1942	Year Ago Nov. 29, 1941
25.3	Foods	134.1	134.0	132.6	113.0
	Fats and Oils	147.0	147.0	145.9	122.2
	Cottonseed Oil	160.0	160.0	156.1	142.9
23.0	Farm Products	142.1	142.0	142.5	117.2
	Cotton	182.5	183.5	181.3	157.7
	Grains	117.7	116.4	112.6	104.6
	Livestock	141.2	141.3	143.6	111.8
17.3	Fuels	119.3	119.3	119.3	113.3
10.8	Miscellaneous commodities	128.4	†128.4	126.9	126.1
8.2	Textiles	148.4	148.5	148.2	139.6
7.1	Metals	104.4	104.4	104.4	104.0
6.1	Building materials	151.3	151.3	151.4	131.0
1.3	Chemicals and drugs	127.6	†127.6	120.7	112.0
.3	Fertilizer materials	117.5	117.5	117.3	114.8
.3	Fertilizers	115.3	115.3	115.3	109.8
.3	Farm machinery	104.1	104.1	104.1	100.7
100.0	All groups combined	130.6	†130.5	130.0	116.6

*Indexes on 1926-1928 base were: Nov. 28 1942, 101.7; Nov. 21, 101.7; Nov. 29, 1941, 90.8.

From Washington

(Continued from first page)

ney Hillman, then a Government official, succeeded with the aid of John P. Frey, head of the AFL Metal Trades Department, in stabilizing the labor set-up for the duration. Hillman, although a high CIO influence, recognized a condition on the Coast and dealt solely with the AFL. Later when this stabilization plan was extended to the Atlantic Coast he recognized the CIO as the dominant organization and dealt solely with it. Thus the shipbuilding industry has been without any labor disturbance ever since, the AFL controlling on the Pacific Coast, the CIO on the Atlantic.

Into this stabilized situation, the quiescent National Labor Relations Board recently threw a bombshell by challenging AFL contracts in three Kaiser plants. Kaiser has been cited to show why elections should not be held, thus permitting the CIO to enter the plants. The AFL officials said that a Pandora's box had been opened up and that seems to be the case. Already the CIO is demanding that elections be held in three other plants.

One can readily imagine what the attendant agitation, confusion and possible disorder will do to ship production. Furthermore, the expectation of AFL officials that every plant erected since the national emergency will be thrown into jurisdictional labor turmoil, seems to be justified.

There seems to be but little question that the NLRB is technically right under the Wagner Act. There is not the slightest doubt, however, that it has acted with unaccustomed stupidity.

AFL officials have long been charging that the board was CIO minded. As the result of the recent clash some of the things which Frey has been saying about the board are more denunciatory than anything any industrialist has ever said.

The episode makes mockery of the recent peace overtures between the two labor organizations. They are perhaps further apart than they were a year ago.

The strange thing about the CIO's efforts to get into the Pacific Coast plants is their agitation against Kaiser. In talking with the CIO crowd one can't escape the impression there is more behind their attitude than a desire to get members. They pass out all sorts of poison against the shipbuilder, say he is a phoney, that he is greatly overrated, etc. You would think their sole concern would be the extension of their organization.

The fact is, however, that a Leftist political agitation runs throughout the whole CIO movement. They are seldom for an employer even after he has given them everything they want. This attitude naturally disposes most employers to prefer dealing with the AFL, if they must deal with a labor organization. And this disposition of the employers naturally makes it necessary for the NLRB to give the CIO protection, or as the Federation fellows say, outright assistance.

I would not be surprised at all to see within the next year a gradual drawing together of the Federations and organizations representing industry and business such as the National Association of Manufacturers and the United States Chamber of Commerce.

The very definite fact is that they are faced with a common enemy, an enemy which is on the run but one which will become more dangerous because it is on the run. The New Deal minds are working overtime these days trying to think up something with which to arouse the masses again. The last elections proved they must be given a hypodermic if they are to continue to sing the New Deal poems of hate.

Wholesale Commodity Prices Steady In November 21 Week, Labor Bureau Reports

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Nov. 26 that commodity markets were comparatively steady during the week ended Nov. 21. There were some increases in quotations for cattle, sheep, live poultry, and certain fruits and vegetables and reductions for cotton, peanuts, potatoes and most grains. The Bureau's comprehensive index of nearly 900 price series remained unchanged at 100.1% of the 1926 average.

The Bureau's announcement further said:

"**Farm Products and Foods**—Average prices for farm products in primary markets moved up 0.2%, led by a sharp seasonal increase in prices for oranges, and certain vegetables, particularly dried beans, onions, and potatoes in the Chicago and New York markets. Advancing prices for cows, lambs, and for live poultry at Chicago caused average prices for livestock and poultry as a group to rise 0.2%. Hogs, on the contrary, declined, and most grains, except barley, were lower. Rye and oats dropped nearly 3% and corn over 1%. Markets were also lower for cotton, lemons, peanuts, and for potatoes at Portland, Oregon and Boston.

"Food prices rose 0.3% during the week. In addition to higher prices for most fruits and vegetables, flour, cornmeal, mutton and dressed poultry also advanced. Average prices of foods at wholesale are now at the relatively high level reached in the Autumn of 1929.

"**Industrial Commodities**—There were few changes in prices for industrial commodities. Raw jute advanced about 5%. Quicksilver, which has been selling under the ceiling, advanced slightly. Lower prices were reported for linseed oil, rosin and turpentine."

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for Oct. 24, 1942 and Nov. 22, 1941 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to Nov. 21, 1942 from—		
Commodity groups	11-21 1942	11-14 1942	11-7 1942	10-24 1942	11-22 1941	11-14 1942	10-24 1942	11-22 1941
All commodities	*100.1	*100.1	*99.7	*99.7	92.2	0	+0.4	+ 8.6
Farm products	110.9	110.7	109.8	108.7	90.3	+0.2	+2.0	+22.8
Foods	103.3	103.0	102.9	103.1	89.5	+0.3	+0.2	+15.4
Hides and leather products	118.4	118.4	118.4	118.4	114.9	0	0	+ 3.0
Textile products	96.6	96.6	96.6	96.5	90.4	0	+0.1	+ 6.9
Fuel and lighting materials	79.7	79.7	79.6	79.6	79.4	0	+0.1	+ 0.4
Metals and metal products	*103.9	*103.9	*103.9	*103.9	103.4	0	0	+ 0.5
Building materials	110.2	110.2	110.2	110.2	107.4	0	0	+ 2.6
Chemicals and allied products	99.5	99.5	96.2	96.1	89.5	0	+3.5	+11.2
Housefurnishing goods	104.1	104.1	104.1	104.1	101.7	0	0	+ 2.4
Miscellaneous commodities	89.9	90.0	88.7	88.3	87.1	—0.1	+1.8	+ 3.2
Raw materials	103.8	103.7	103.2	102.5	89.7	+0.1	+1.3	+15.7
Semimanufactured articles	92.5	92.5	92.5	92.5	89.5	0	0	+ 3.4
Manufactured products	*99.7	*99.7	*99.3	*99.6	94.0	0	+0.1	+ 6.1
All commodities other than farm products	*97.8	*97.8	*97.5	*97.7	92.6	0	+0.1	+ 5.6
All commodities other than farm products and foods	*96.1	*96.1	*95.7	*95.6	93.6	0	+0.5	+ 2.7

*Preliminary.

Cotton Ginned From Crop Of '42 Prior To Nov. 14

The Census report issued on Nov. 21, compiled from the individual returns of the ginners is shown below:

Number of bales of cotton ginned from the growth of 1942 prior to Nov. 14, 1942, and comparative statistics to the corresponding date in 1941 and 1940 (running bales, counting round as half bales and excluding linters):

State—	1942	1941	1940
United States	*10,686,879	*8,808,276	*10,069,167
Alabama	864,489	754,875	641,236
Arizona	57,228	89,722	82,942
Arkansas	1,248,727	1,252,824	1,130,483
California	133,317	169,818	387,777
Florida	14,415	14,394	17,593
Georgia	815,003	609,415	906,896
Illinois	3,338	4,932	2,349
Kentucky	13,027	15,382	7,605
Louisiana	563,338	304,822	428,517
Mississippi	1,805,188	1,345,325	990,643
Missouri	349,865	427,849	267,235
New Mexico	62,127	46,585	72,648
North Carolina	602,016	528,115	626,322
Oklahoma	536,374	459,742	569,250
South Carolina	658,906	384,023	867,642
Tennessee	521,433	537,377	328,713
Texas	2,418,908	1,842,343	2,727,051
Virginia	19,180	20,733	16,265

*Includes 48,626 bales of the crop of 1942 ginned prior to Aug. 1 which was counted in the supply for the season of 1941-42, compared with 1,969 and 32,187 bales of the crops of 1941 and 1940.

The statistics in this report include no round bales for 1942; 783 for 1941 and 3,274 for 1940. Included in the above are 26,598 bales of American-Egyptian for 1942; 27,188 for 1941 and 17,559 for 1940; also 550 bales Sea-Island for 1942; 2,741 for 1941 and 3,811 for 1940.

The statistics for 1942 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail. The revised total of cotton ginned this season prior to Nov. 1 is 9,723,140 bales.

Consumption, Stocks, Imports, and Exports—United States

Cotton consumed during the month of October, 1942, amounted to 972,490 bales. Cotton on hand in consuming establishments on Oct. 31, was 2,117,902 bales, and in public storages and at compresses 12,674,414 bales. The number of active consuming cotton spindles for the month was 23,012,046.

In the interest of national defense, the Department of Commerce has decided to discontinue until further notice the publication of statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Nov. 27, figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Nov. 14, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Nov. 14 (in round-lot transactions) totaled 1,200,548 shares, which amount was 15.34% of total transactions on the Exchange of 3,914,350 shares. This compares with member trading during the previous week ended Nov. 7 of 1,247,017 shares, or 16.75% of total trading of 3,802,760 shares. On the New York Curb Exchange, member trading during the week ended Nov. 14 amounted to 194,165 shares, or 17.02% of the total volume of that Exchange of 570,350 shares; during the preceding week trading for the account of Curb members of 174,000 shares was 15.33% of total trading of 567,450 shares.

The Commission made available the following data for the week ended Nov. 14:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	958	652
1. Reports showing transactions as specialists	175	91
2. Reports showing other transactions initiated on the floor	174	28
3. Reports showing other transactions initiated off the floor	205	78
4. Reports showing no transactions	511	526

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED NOV. 14, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	76,650	
‡Other sales	3,837,700	
Total sales	3,914,350	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	270,630	
Short sales	43,310	
‡Other sales	253,620	
Total sales	296,930	7.25
2. Other transactions initiated on the floor—		
Total purchases	199,410	
Short sales	11,600	
‡Other sales	197,290	
Total sales	208,890	5.22
3. Other transactions initiated off the floor—		
Total purchases	103,350	
Short sales	5,800	
‡Other sales	115,538	
Total sales	121,338	2.87
4. Total—		
Total purchases	573,390	
Short sales	60,710	
‡Other sales	566,448	
Total sales	627,158	15.34

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED NOV. 14, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	5,360	
‡Other sales	564,990	
Total sales	570,350	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	72,325	
Short sales	4,960	
‡Other sales	56,570	
Total sales	61,530	11.73
2. Other transactions initiated on the floor—		
Total purchases	11,505	
Short sales	0	
‡Other sales	10,145	
Total sales	10,145	1.90
3. Other transactions initiated off the floor—		
Total purchases	16,585	
Short sales	0	
‡Other sales	22,075	
Total sales	22,075	3.39
4. Total—		
Total purchases	100,415	
Short sales	4,960	
‡Other sales	88,790	
Total sales	93,750	17.02
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	31,066	
Total purchases	31,066	
Total sales	17,756	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Nov. 27 a summary for the week ended Nov. 21, 1942, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Nov. 21, 1942

	Total for Week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of Orders	12,426
Number of Shares	342,113
Dollar Value	11,912,150
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	124
*Customers' other sales	13,922
Customers' total sales	14,046
Number of Shares:	
Customers' short sales	3,977
*Customers' other sales	365,074
Customers total sales	369,051
Dollar Value	10,387,441
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	200
†Other sales	115,260
Total sales	115,460
Round-lot Purchases by Dealers—	
Number of Shares	97,770

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

FDR Says Food Need Is "Almost Without Limit"

President Roosevelt told the National Grange on Nov. 14, in a special message to their national convention at Wenatchee, Wash., that "in this war, the need for American food and other farm products is almost without limit."

"This year American farmers made a magnificent response to the demands upon them," the President said in a message to Grange Master Albert S. Goss. "Those demands are increasing; so are the obstacles in meeting them."

The President's message follows:

"In all its long history, the National Grange never has met at a time when the nation depended more upon its farmers, and farmers faced so many grave decisions. I say this in the knowledge that the Grange was born in the very shadow of our Civil War, and since has seen the Reconstruction period, two other wars and many great changes in our national life.

"Today our country is deep in a world struggle to preserve our democratic way of life, to build a better world for our children. The farm families of the nation have a great stake in that better world; they also have a great responsibility in the fight to achieve it.

"In this war, the need for American food and other farm products is almost without limit. This year American farmers made a magnificent response to the demands made upon them. Those demands are increasing; so are the obstacles to meeting them.

"The rural families of the United States face many sacrifices, many difficulties. The nation looks to them to produce the food we need to win this war and to fulfill all their other wartime obligations as citizens. As in the past, the great farm organizations have a large place in helping farmers work together for victory.

"The National Grange, the oldest of our national farm organizations, faces heavy responsibility and great opportunity for service to the nation as it meets in its annual conference. I send my greetings and best wishes."

Revenue Freight Car Loadings During Week Ended Nov. 21, 1942 Totaled 836,427 Cars

Loading of revenue freight for the week ended Nov. 21, totaled 836,427 cars, the Association of American Railroads announced on Nov. 27. This was an increase above the corresponding week of 1941, of 37,041 cars or 4.6%, and an increase above the same week in 1940, of 102,939 cars or 14.0%. Both 1941 and 1940 include holiday.

Loading of revenue freight for the week of Nov. 21 increased 9,826 cars or 1.2% above the preceding week.

Miscellaneous freight loading totaled 396,989 cars, an increase of 5,211 cars above the preceding week, and an increase of 29,716 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 91,541 cars, an increase of 476 cars above the preceding week, but a decrease of 49,716 cars below the corresponding week in 1941.

Coal loading amounted to 167,404 cars, an increase of 2,163 cars above the preceding week, and an increase of 37,196 cars above the corresponding week in 1941.

Grain and grain products loading totaled 45,690 cars, an increase of 4,350 cars above the preceding week, and an increase of 4,668 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Nov. 21 totaled 30,701 cars, an increase of 3,448 cars above the preceding week, and an increase of 5,554 cars above the corresponding week in 1941.

Livestock loading amounted to 19,707 cars, a decrease of 536 cars below the preceding week, but an increase of 6,506 cars above the corresponding week in 1941. In the Western Districts alone, loading of livestock for the week of Nov. 21 totaled 15,570 cars, a decrease of 389 cars below the preceding week, but an increase of 5,586 cars above the corresponding week in 1941.

Forest products loading totaled 42,233 cars, a decrease of 414 cars below the preceding week, but an increase of 2,508 cars above the corresponding week in 1941.

Ore loading amounted to 58,376 cars, a decrease of 1,776 cars below the preceding week, but an increase of 3,349 cars above the corresponding week in 1941.

Coke loading amounted to 14,487 cars, an increase of 352 cars above the preceding week, and an increase of 2,814 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding weeks in 1941 and 1940 except the Eastern.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Four weeks of June	3,385,769	3,510,057	2,896,953
Four weeks of July	3,321,568	3,413,435	2,822,450
Five weeks of August	4,350,948	4,463,372	3,717,933
Four weeks of September	3,503,658	3,540,210	3,135,122
Five weeks of October	4,512,046	4,553,007	4,064,273
Week of Nov. 7	829,490	873,582	778,318
Week of Nov. 14	826,601	883,890	745,295
Week of Nov. 21	836,427	799,386	733,488
Total	39,240,743	38,377,614	32,911,414

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Nov. 21, 1942. During this period 63 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS

(NUMBER OF CARS—WEEK ENDED NOV. 21)

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	469	583	582	1,167	1,431
Bangor & Aroostook	1,658	1,433	1,122	191	266
Boston & Maine	6,020	7,653	7,862	13,557	12,768
Chicago, Indianapolis & Louisville	*1,433	1,726	1,386	*1,920	2,394
Central Indiana	23	17	16	44	61
Central Vermont	958	1,411	1,365	2,157	2,446
Delaware & Hudson	6,104	4,991	4,879	11,107	10,238
Delaware, Lackawanna & Western	7,003	8,035	8,406	11,013	8,563
Detroit & Mackinac	433	364	477	139	142
Detroit, Toledo & Ironton	1,574	2,387	2,594	1,279	1,190
Detroit & Toledo Shore Line	253	327	328	2,762	3,853
Erie	11,822	13,292	12,609	15,954	14,955
Grand Trunk Western	4,160	5,323	5,318	6,881	8,799
Lehigh & Hudson River	254	215	148	2,932	2,478
Lehigh & New England	2,058	1,961	1,805	1,798	1,576
Lehigh Valley	8,267	8,689	8,365	12,949	9,421
Maine Central	2,230	2,941	2,913	3,160	2,953
Monongahela	5,917	2,406	4,475	456	401
Montour	2,306	1,664	1,719	29	45
New York Central Lines	45,755	47,927	43,344	54,888	45,531
N. Y., N. H. & Hartford	9,119	10,682	10,918	18,282	15,737
New York, Ontario & Western	973	1,000	1,060	2,476	2,137
New York, Chicago & St. Louis	7,338	6,678	5,561	15,691	12,973
N. Y., Susquehanna & Western	456	451	355	1,955	1,445
Pittsburgh & Lake Erie	7,088	7,588	7,685	8,514	7,424
Pere Marquette	5,908	6,442	5,941	6,656	5,918
Pittsburg & Shawmut	760	877	586	14	48
Pittsburg, Shawmut & North	355	380	486	261	335
Pittsburgh & West Virginia	869	982	751	2,692	2,503
Rutland	291	571	530	814	1,009
Wabash	5,673	6,073	5,109	13,305	10,370
Wheeling & Lake Erie	4,572	4,810	3,604	4,267	4,279
Total	152,099	159,879	152,349	219,310	193,689
Allegheny District—					
Akron, Canton & Youngstown	728	615	544	1,162	974
Baltimore & Ohio	38,176	36,135	32,780	28,108	22,616
Bessemer & Lake Erie	5,731	5,036	5,495	2,271	2,039
Buffalo Creek & Gauley	*309	284	251	*3	3
Cambria & Indiana	1,787	848	1,685	5	9
Central R. R. of New Jersey	7,017	7,179	6,645	20,449	15,532
Cornwall	746	657	673	41	48
Cumberland & Pennsylvania	217	123	259	15	26
Ligonier Valley	123	134	143	38	43
Long Island	1,060	730	882	3,330	2,838
Penn-Reading Seashore Lines	1,787	1,704	1,424	2,124	1,997
Pennsylvania System	78,344	79,675	68,108	66,884	51,763
Reading Co.	15,047	16,041	15,602	27,806	23,479
Union (Pittsburgh)	20,807	19,746	19,416	7,172	6,098
Western Maryland	3,669	3,860	3,478	12,098	9,658
Total	175,548	172,767	157,385	171,506	137,123
Pocahontas District—					
Chesapeake & Ohio	27,373	18,734	22,364	13,087	12,525
Norfolk & Western	21,857	18,368	19,796	6,617	5,904
Virginian	4,796	2,896	4,226	2,153	1,750
Total	54,026	39,998	46,386	21,857	20,179
Southern District—					
Alabama, Tennessee & Northern	305	337	273	253	252
Atl. & W. P.—W. R. R. of Ala.	768	868	725	2,680	2,240
Atlanta, Birmingham & Coast	728	761	674	1,375	1,156
Atlantic Coast Line	13,507	11,468	10,196	11,203	7,025
Central of Georgia	3,759	4,661	4,108	4,906	4,240
Charleston & Western Carolina	413	443	407	1,452	1,620
Clinchfield	1,852	1,829	1,293	2,875	2,665
Columbus & Greenville	445	330	326	401	428
Durham & Southern	119	161	159	529	424
Florida East Coast	1,270	793	939	1,400	1,034
Gainesville Midland	40	40	30	106	91
Georgia	1,441	1,439	1,156	2,372	2,545
Georgia & Florida	310	512	378	473	787
Gulf, Mobile & Ohio	*4,077	4,242	3,469	*4,539	3,539
Illinois Central System	28,975	27,630	22,050	16,509	14,424
Louisville & Nashville	25,260	23,178	22,288	11,922	8,597
Macon, Dublin & Savannah	227	229	115	820	649
Mississippi Central	165	154	153	588	468
Nashville, Chattanooga & St. L.	4,354	3,829	3,549	4,470	3,726
Norfolk Southern	1,243	1,009	1,098	1,807	1,481
Piedmont Northern	320	470	453	1,269	1,660
Richmond, Fred. & Potomac	480	414	384	10,260	6,597
Seaboard Air Line	11,162	10,676	10,099	8,922	7,382
Southern System	23,508	23,617	22,243	24,727	20,338
Tennessee Central	523	551	481	941	802
Winston-Salem Southbound	119	138	146	927	911
Total	125,370	119,779	107,192	117,726	95,081
Northwestern District—					
Chicago & North Western	17,952	18,308	16,377	12,696	13,214
Chicago Great Western	2,173	2,625	2,412	3,285	3,402
Chicago, Milw., St. P. & Pac.	19,854	20,748	19,834	10,066	8,871
Chicago, St. Paul, Minn. & Omaha	3,237	3,786	4,339	3,616	4,289
Duluth, Missabe & Iron Range	22,321	21,249	12,686	377	308
Duluth, South Shore & Atlantic	695	780	518	546	610
Elgin, Joliet & Eastern	9,539	9,929	9,452	9,839	9,605
Ft. Dodge, Des Moines & South	405	598	342	122	147
Great Northern	18,703	17,227	14,423	5,258	4,002
Green Bay & Western	480	542	588	742	648
Lake Superior & Ishpeming	2,424	2,819	2,244	41	76
Minneapolis & St. Louis	2,240	1,743	1,669	2,214	2,351
Minn., St. Paul & S. S. M.	5,875	6,041	5,569	2,873	2,896
Northern Pacific	12,282	11,197	11,231	5,276	4,158
Spokane International	148	86	122	732	344
Spokane, Portland & Seattle	1,981	2,056	1,806	3,002	2,003
Total	120,309	119,734	103,612	60,685	56,924
Central Western District—					
Atch., Top. & Santa Fe System	23,918	22,624	19,301	12,869	8,055
Alton	3,371	3,396	2,655	5,452	3,078
Bingham & Garfield	493	670	574	121	99
Chicago, Burlington & Quincy	21,558	19,312	16,775	12,001	11,028
Chicago & Illinois Midland	2,614	2,622	2,641	713	879
Chicago, Rock Island & Pacific	12,716	12,333	10,857	12,173	10,038
Chicago & Eastern Illinois	2,550	3,050	2,560	3,903	3,270
Colorado & Southern	1,268	1,385	1,087	1,991	1,560
Denver & Rio Grande Western	4,551	4,183	3,859	5,219	4,424
Denver & Salt Lake	847	758	946	9	33
Fort Worth & Denver City	1,502	1,468	976	1,464	1,079
Illinois Terminal	1,684	1,947	1,613	1,396	1,708
Missouri-Illinois	1,228	1,071	902	582	459
Nevada Northern	2,150	1,856	1,856	83	114
North Western Pacific	867	898	750	574	425
Peoria & Pekin Union	22	39	22	0	0
Southern Pacific (Pacific)	26,933	25,982	24,246	12,259	7,419
Toledo, Peoria & Western	339	416	293	1,712	1,450
Union Pacific System	19,772	18,433	17,899	15,519	11,785
Utah	575	460	578	4	2
Western Pacific	1,690	2,314	1,739	2,644	2,812
Total	130,648	125,217	112,129	90,688	69,717
Southwestern District—					
Burlington-Rock Island	204	182	151	285	246
Gulf Coast Lines	5,364	3,798	3,419	2,591	2,075
International-Great Northern	3,712	1,849	1,814	2,869	2,695
Kansas, Oklahoma & Gulf	434	248	202	1,345	1,288
Kansas City Southern	5,138	2,710	2,205	2,625	2,956
Louisiana & Arkansas	3,765	2,637	2,041	2,671	1,941
Litchfield & Madison	260	335	304	1,068	974
Midland Valley	689	767	732	338	245
Missouri & Arkansas	203	177	179	419	444
Missouri-Kansas-Texas Lines	6,655	4,780	4,201	5,551	3,555
Missouri Pacific	18,807	17,705	15,099	19,729	12,586
Quanah Acme & Pacific	100	162	140	336	163
St. Louis-San Francisco	9,489	9,434	8,439	9,000	6,272
St. Louis Southwestern	3,308	3,056	2,888	5,520	3,621
Texas & New Orleans	14,225	8,368	7,390	4,711	4,017
Texas & Pacific	5,941	5,639	5,079	8,450	5,660
Wichita Falls & Southern	107	134	139	39	75
Weatherford M. W. & N. W.	26	31	13	33	39
Total	78,427	62,012	54,435	67,580	48,852

*Previous week's figure.

Note—Previous year's figures revised.

Non-Ferrous Metals—Ceiling Prices Not To Be Disturbed By Transportation Tax

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Nov. 26, stated: "The 3% property transportation tax, imposed under the Revenue Act of 1942, effective Dec. 1, must be considered as a freight rate increase which cannot be passed on to disturb ceiling prices, OPA ruled last week. This means that the seller will absorb the tax where non-ferrous metals and other commodities are sold on a delivered basis, and the buyer will absorb the higher cost on sales f.o.b. producer's establishment. Other developments of the week included an upward revision of the premium payment by Metals Reserve on Tri-State concentrates; a higher price on tungsten ore for small producers, and higher prices for fluorspar." The publication further went on to say in part:

Copper

December copper allocations were released during the current week, and brass mills were favored with substantial tonnages. New munition plants are getting into full production, with the result that deliveries of copper are of record proportions. The price situation in both domestic and foreign metal was unchanged last week.

Volume production of certain products of brass mills has resulted in a downward revision in the price of those materials. Items involved in the price change, covering plates one-half inch or thicker, are manganese bronze, muntz metal, naval brass, tobin bronze, hot-rolled Everdur, and 20 and 30% cupro-nickel. The revised schedule of the American Brass Co., effective Nov. 16, calls for a deduction of 5¢ per pound from the base price on those alloys sold in the dimensions specified.

Lead

Inquiry for lead remains good and actual consumption has improved during the last month. Consumers have been buying lead for forward shipment more freely under the liberalized inventory program of the lead division of WPB.

Quotations continued on the basis of 6.50¢, New York, and 6.35¢, St. Louis.

Zinc

Effective Dec. 1, Metals Reserve will grant premiums on over-quota production of zinc concentrate in the Tri-State area on the basis of $29.70 per ton, instead of the prevailing rate of $28.05. Lead concentrate produced in excess of quotas will be paid for on the basis of $41.80 per ton, instead of $39.60. Some in the industry hold that this was done to simplify procedure and equalize the settling basis with recent changes made elsewhere. The advance, zinc authorities contend, is insufficient to increase output substantially in the Tri-Sate district.

The trade believes that zinc allocations for December will begin to move late this week. Prime Western continued at 8.25¢, St. Louis.

Fluorspar

New ceiling prices, effective Nov. 23, were announced last week by OPA on metallurgical fluorspar, to stimulate production. The top grade is now set at $28 per ton, an advance of $3.

Tungsten Ore

Small "eligible" producers of tungsten ore concentrate in the United States will be paid $30 per short-ton unit of WO^3 by the Metals Reserve Co. on and after Nov. 19. The former settling basis was $24 per unit. The new price, calculated to increase output of those producers who turned out less than 100 tons of trioxide during the last year, will not alter the selling basis of Metals Reserve.

Tin

Tin prices were unchanged last week, with Straits quality metal for forward shipment nominally as follows:

	Nov.	Dec.	Jan.
Nov. 19	52.000	52.000	52.000
Nov. 20	52.000	52.000	52.000
Nov. 21	52.000	52.000	52.000
Nov. 23	52.000	52.000	52.000
Nov. 24	52.000	52.000	52.000
Nov. 25	52.000	52.000	52.000

Chinese tin, 99%, spot, 51.125¢ all week.

Quicksilver

With competition for business in most products containing quicksilver virtually suspended because of the war, buyers contend that the price situation in the metal is not likely to change. Quotations in New York continued at $196 @ $198 per flask.

Silver

Permission to pass the increased cost (9.625¢) of imported silver on to the buyer of a machine or part containing the metal was granted by OPA, effective Nov. 25.

The silver market in London was unchanged last week at 23½d. The New York Official remained at 44¾¢, and the Treasury's price held at 35¢.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" as of July 31, 1942, page 380.

Items About Banks, Trust Companies

At the regular weekly meeting of the Board of Directors of the National City Bank of New York held Nov. 24, John F. Young was appointed Vice-President; Charles W. Buford, Assistant Vice-President, and E. C. Southwick and M. A. Moosbrugger, Assistant Cashiers. Mr. Young became associated with the National City Bank in 1916, beginning his connection there in the credit department at Head Office. From there he was transferred to the Comptrollers Department, where in 1923 he was made head of the Domestic Loan Supervision Section. Shortly after the merger of the Peoples Trust Company with the National City Bank, Mr. Young was assigned to Brooklyn to supervise credits. Mr. Young returned to Head Office Oct. 1, 1934, where he is now located. On Nov. 9, 1926, he was appointed an Assistant Cashier of the bank; on June 18, 1929, he was promoted to the office of Assistant Vice-President.

Mr. Buford entered the National City Bank in 1916 as a member of the College Training Class. After spending some time in training at Head Office, he was sent to Russia, and worked in the Petrograd and Moscow branches of the bank until their closing. After another period spent in Head Office, Mr. Buford departed for Belgium. He had been associated with the Belgium branches of the bank ever since their establishment, and had been Manager of the Brussels Branch for some time. During a part of this period he acted as President of the American Chamber of Commerce in Belgium. On Aug. 1, 1933, Mr. Buford was appointed an Assistant Cashier and assigned to the Overseas Division, Head Office.

Harry Elmer Humphreys, Jr., Chairman of the Finance Committee, Vice-President, Vice-Chairman of the Executive Committee, and Director of the United States Rubber Co., was elected a Director of the Chemical Bank & Trust Company of New York at a meeting of the Board of Directors on Nov. 25. Mr. Humphreys is Director of Arkwright Mutual Fire Insurance Co., Boston; Dominion Rubber Co., Ltd., Montreal; Latex Fiber Industries. Inc.; Terminal Warehouses, Ltd., Toronto; United States Rubber Export Co., Ltd., and Westside Branch, Young Men's Christian Association, N. Y. C. Mr. Humphreys is a native of Philadelphia, attended the public schools of that city and was graduated from the Wharton School of Finance, University of Pennsylvania. Following graduation he became identified with Price, Waterhouse & Co., Philadelphia and from 1927 to 1938 was associated with the Christiana Securities Co., Wilmington, Del., joining the United States Rubber Co. on June 1, 1938.

Eugene W. Stetson, President of the Guaranty Trust Company of New York, announced on Nov. 24 the appointment of Harold M. Sherman, Jr., as a Second Vice-President of the company. Mr. Sherman was formerly an Assistant Treasurer, and with his new appointment continues to be identified with the company's banking relationships in the Middle West district, comprising the States of Illinois, Michigan, Indiana, Minnesota, Wisconsin and Iowa.

The directors of the Public National Bank and Trust Company of New York have appointed Maurice F. Harnett and Joseph M. Murray, Assistant Cashiers. Both Messrs. Harnett and Murray are located at the Main Office and associated with the new Business Department.

The New York agency of the Standard Bank of South Africa, Ltd., at 67 Wall Street, announced on Nov. 28 the following advices received by telegram from the Head Office in London regarding the operations of this bank for the half-year ended Sept. 30, 1942:

"The directors of the Standard Bank of South Africa, Ltd., have resolved to pay to the shareholders an interim dividend, payable in British currency, of five shillings per share, being at the rate 10% per annum, subject to British income tax. Dividend warrants will be posted on 29th January next. The bank's investments stand in the books at less than market value as at 30th September last and all usual and necessary provisions have been made."

Final dividend payments of $562,392 and $273,706 have been authorized to depositors of the closed Exchange Trust Co., Boston, and the Lawrence Trust Co., Lawrence, Mass. The final dividend to depositors of the savings department of the Exchange Trust Co. will be 7.6% of the original amounts of their claims. These depositors had previously received 70% of their claims in dividends, amounting to $5,620,790. The final dividend to Savings Department depositors of the Lawrence Trust Co. will be 2.44%, amounting to $175,256, and will bring total claims to 70.94%, totaling $5,181,326. Commercial depositors will receive a first and final dividend of 7.5%, or $98,450.

Payment of the fifteenth 4% dividend to depositors in the Savings Department of the defunct City Bank & Trust Co., Hartford, Conn., began on Nov. 16 and will be completed on Dec. 11. The Superior Court for Hartford County recently entered an order authorizing the receiver of the bank, Walter Perry, Bank Commissioner, to make the payment.

Holman D. Pettibone, President of the Chicago Title and Trust Company of Chicago, announced on Nov. 23 appointment of Harold C. Bull, Gertrude H. Hellenthal and Harold A. Shircliffe as Assistant Trust Officers of the company.

O. P. Decker, Vice-President of the American National Bank and Trust Co. of Chicago, on leave, has been commissioned a Major in the Army. He is stationed in the Headquarters Services of Supply, Washington, where he has been serving in a civilian capacity since August.

Xmas Club Members To Get $410,000,000

About $410,000,000 will be distributed to more than 8,000,000 Christmas Club members by approximately 5,000 banking and savings institutions and other organizations during National Prosperity Week starting Nov. 30, according to an estimate given out Nov. 11 by Herbert F. Rawll, founder and President of Christmas Club, A Corporation, sponsors of National Prosperity Week. It is announced that the total distribution for 1942 is about 2% in excess of 1941, and that the average distribution per member amounts to $49 — slightly more than in 1941. Pearl Harbor is responsible for the very small increase over last year, it was explained, since on Dec. 7, 1941, millions of people throughout the country stopped doing many things until Dec. 20. This period is the peak time for enrollment and many thousands that were members in 1941 failed to join for 1942.

According to the announcement issued by Mr. Rawll's office, based upon reports from individual Christmas Club members received in January of this year as to the use of funds last December, and applying these reports to the entire distribution for 1942, the estimated fund of $410,000,000 will be used by the recipients approximately as follows:

Christmas Purchases	30%	$123,000,000
Permanent Savings	22	90,200,000
Taxes	13	53,300,000
War Bonds	12	49,200,000
Insurance Premiums	11	45,100,000
Year-end Bills	8	32,800,000
Education and Charity	3	12,300,000
Unclassified	1	4,100,000
	100%	$410,000,000

Plans for distribution indicate that a larger percentage of the total fund will be voluntarily used this December in the purchase of War Savings Bonds. A total of $75,000,000 is anticipated. To encourage a better understanding of the need for every form of savings during the war, Mr. Rawll stated that Christmas Club is announcing a Victory Through Thrift Slogan Contest for the 8,000,000 members enrolling for 1943. Slogans are to be submitted that best express an incentive for people to save more in permanent savings for post-war security, save more in War Savings Bonds and to save more in Tax Savings Notes, all from current income in the banks and savings and loan associations of the country. The contest provides awards totalling $5,000 all in War Bonds and Stamps at purchase value. The announcement also says:

"In the distribution of Christmas Club funds this year, New York State leads the other States with about $110,000,000; the estimates for Pennsylvania are $43,000,000; for Massachusetts $38,000,000; for New Jersey $29,000,000. New York's Metropolitan district will receive about $68,000,000. The Bank of America N. T. and S. A. in California will distribute $18,000,000 to 400,000 members. The Bank of the Manhattan Co. has $5,000,000 for 100,000 members enrolled at 49 offices in Greater New York. The Seamen's Bank for Savings in New York City has an approximate total of $2,500,000; the Dime Savings Bank of Brooklyn $1,500,000. The Howard Savings Institution of Newark, N. J., the Trust Co. of New Jersey, the Hudson County National Bank and the Commercial Trust Co., all in Jersey City, each have a sum in excess of $1,000,000 for a combined total of 90,000 members."

Gains For Year Reported by Dominion Bank, Toronto

The 72nd annual statement of The Dominion Bank, Toronto, Canada, showing results of the bank's operations for the year ended Oct. 31, 1942, indicates a strong liquid position, substantially higher deposits and another large increase in the bank's investment in Dominion Government securities. It is indicated that after allowing for all taxation, net profits were $920,990 for the year under review, as compared with $939,322 for the previous year and after making a contribution of $105,000 to the Officers Pension Fund, writing $150,000 off Bank Premises account, $665,000 was provided for dividends. Total deposits amounting to $184,639,000, increased over $41,000,000 and investment securities, largely Dominion and Provincial Government Bonds, totaled $81,168,000, an increase of over $44,000,000. Commercial loans and discounts in Canada now aggregate $70,495,000, representing a decrease of slightly over $8,000,000 for the year. Cash assets now exceed $39,791,000, with immediately available assets of $130,460,000 equal to over 67% of total liabilities to the public. Total assets have reached $212,443,000, the highest ever published in the history of the bank. Capital $7,000,000 and reserve fund $7,000,000, or 100% of paid-up capital, remain unchanged with undivided profits $866,000.

The bank's annual meeting will be held in Toronto on Dec. 9.

Calif. Business At Record

California business during October continued its record-breaking expansion, according to the current "Business Outlook" of The Wells Fargo Bank & Union Trust Co. of San Francisco. The bank's index rose to a preliminary level of 214.9% of the 1935-39 average from a revised September level of 212.8%. A year ago in October it stood at 172%.

Banks Urged To Use War Loan Deposit Accounts To Facilitate War Financing

In view of the prospective increased amount of war financing and in order to minimize the effect of purchases of Government securities upon the reserve position of banks and trust companies, Allan Sproul, President of the Federal Reserve Bank of New York, urged that any incorporated bank or trust company in the New York Reserve District not presently qualified, apply for designation as a special depositary of public moneys, and that all depositaries now qualified make effective use of their War Loan Deposit Accounts.

A similar notice to this effect was sent on Nov. 19 to all member and non-member banks in the Seventh (Chicago) Federal Reserve District by C. S. Young, President of the Federal Reserve Bank of Chicago, and presumably by the other Reserve Banks.

Mr. Sproul's circular to banks in the New York District had the following to say in part:

"The Secretary of the Treasury has announced a war financing campaign of unprecedented size starting Nov. 30, 1942. Primary emphasis is placed upon sales of Government securities to the general public and the Victory Fund Committee has organized a large staff of volunteer salesmen to solicit subscriptions from individuals and non-banking institutions of all types. However, securities appropriate for subscriptions by banks, for their own account, are also included in the offerings.

"The current financing will cover war expenditures for two months, and Secretary Morgenthau, in his preliminary announcement of this program, indicated that it may lead to bi-monthly instead of monthly financing operations hereafter. Such financing operations must of necessity be on a substantially larger scale than heretofore and make it important that the banks give further consideration to the best method of making payments for the large amounts of securities that will be purchased by them and their depositors.

"During the first World War there was developed the so-called War Loan Deposit Account procedure by means of which banks are permitted to make payment for Government securities purchased, not only for themselves but for their customers as well, by a deposit to the credit of the Government on their own books. These deposits are subsequently withdrawn by the Treasury, in instalments, as needed to meet Government expenditures. As the withdrawals are closely synchronized with the actual disbursement of the money, this method is designed to prevent, so far as possible, the dislocation of funds which would otherwise occur. If all banks were to make immediate remittances in full payment for their own and their customers' subscriptions to Government securities on the date of issue, a very large volume of funds would be withdrawn from use, and a considerable time would elapse before all of these funds would be returned to the banks through Government disbursements.

"During recent years when most banks have had large excess reserves there has been less occasion to use the War Loan Deposit method of making payment for Government securities, and as a result there are now considerably fewer banks maintaining War Loan Deposit Accounts than was formerly the case. Now that war expenditures and the volume of Government financing are attaining such magnitude, it becomes important for all banks to consider carefully whether it would not be to their interest to qualify as Government depositaries, and thus to be in a position to make payment (either in full or in part) for Government securities, for which they and their customers subscribe, by means of credits to War Loan Deposit Accounts, rather than by immediate remittance.

"Government funds in these accounts are left in the banks until they are needed, and then withdrawn by the Treasury in instalments. They are almost immediately returned to the banking system in the form of private deposits through Government disbursements, so that there is little change in aggregate deposits as a result of these transactions. There is, of course, bound to be some shifting in the distribution of funds, since the disbursal of Government funds does not penetrate to all communities and banks in exact proportion to the purchase of Government securities, nor with equal promptness, but effects on the reserve positions of the banks are reduced to a minimum by the use of this method.

"Any incorporated bank or trust company in this district not presently qualified as a special depositary of public moneys may apply for qualification as such depositary by submitting to us an application on Form H-5 accompanied by a certified copy of a resolution of its board of directors on Form J-5. In fixing the maximum amount of deposits for which it will apply, the applicant should be guided by the amount of the payments which it expects to make, for itself and others, in respect of Government securities which may be paid for by credit to the War Loan Deposit Account, and should also be guided by any statutory limitations upon the amount of deposits which it is permitted to receive from any one depositor. Upon approval of the application, the depositary will open and maintain a separate account for such deposits, in our name as fiscal agent of the United States, known as the War Loan Deposit Account and will pledge with us, as collateral for such deposits, securities of the character and in the amount required by Treasury Circular No. 92.

"Any special depositary now or hereafter qualified which wishes to increase its maximum qualification in order to make greater use of its account, may submit its application for such increase on Form H-5 accompanied by a certified copy of resolution on Form J-5. The Treasury has recently authorized increases in the maximum qualification of a depositary, in appropriate cases, to more than 100% of its capital and surplus and has provided that any of the securities referred to in Treasury Circular No. 92 are eligible as collateral for the full amount of deposits including any amount in excess of 100% of the capital and surplus of the depositary."